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USSR Report

ECONOMIC AFFAIRS



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USSR REPORT ECONOMIC AFFAIRS

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ECONOMIC POLICY, ORGANIZATION AND MANAGEMENT

NOTED ECONOMISTS EXPRESS VIEWS AT MANAGEMENT CONFERENCE

Moscow EKONOMICHESKIYE NAUKI in Russian No 2, Feb 86 pp 119-123

[Article by N. Ragozhina, candidate of economic sciences: "Ways of Further Improving the Economic Mechanism"]

[Text] Under the 12th Five-Year Plan To Change All Branches of the Economy Over to New Methods of Management

From the draft of the Basic Directions for the Economic and Social Development of the USSR During 1986-1990 and the Period Up to the Year 2000.

[Text] The all-union scientific conference on the subject "The Large-Scale Economic Experiment and Improvement of the Economic Mechanism" organized by the Moscow Institute of Management imeni S. Ordzhonikidze in conjunction with the VSNT0 (Committee on Problems of Management) was held in Moscow in October 1985. Representatives of planning and management agencies, associations and enterprises participated actively in its work along with scholars from various research institutions and VUZes.

Opening the conference with an introductory word, Corresponding Member of the USSR Academy of Sciences P. G. Bunich (MIU) noted that the areas of its work are determined by the concept of accelerating the country's socioeconomic development which was established by the April (1985) Plenum of the CPSU Central Committee. At the plenary and section meetings they gave a comprehensive analysis of the first results of the large-scale economic experiment and made suggestions for further improving the tested methods of management and for applying them everywhere. The participants in the conference were asked to pay special attention to questions of coordinating individual elements of the economic mechanism for management into a unified system of new methods of management, expanding the independence of enterprises (associations), and improving the system of planning, contractual relations, economic levers and stimuli, and organizational structures of management.

The problem of creating a mechanism for adopting more difficult planning assignments was discussed in detail in the report by P. G. Bunich. It is pointed out that the solution to this problem presupposes a changeover from the traditional evaluation of activity according to the percentage of

fulfillment of the plan to an evaluation according to the final results of the work and the level of effectiveness. Under the conditions of the economic experiment there has been a change in the mechanism for the formation of the wage fund and the economic incentive fund in a direction of providing for a link between these and the increase in the final result. This contributes to the adoption by the associations (enterprises) of more difficult planning assignments. The interest of the enterprises in adopting more difficult plans is realized most fully in those economic experiments that are being conducting in the Sumy Production Machine-Building Association imeni M. B. Frunze and the AvtoVAZ Production Association. The speaker thinks that the experience of these collectives should be extended to other enterprises.

When considering the very important issue of the system of planning indicators set for the economic units, Dr of Economic Sciences G. Ya. Kuperman (NIIPiN under the USSR Gosplan) noted that it is not yet sufficiently worked out. In practice the number of indicators for which reports are required from the enterprises and from which their activity is evaluated is decreasing slowly, there is no clear-cut distinction between the established indicators and the calculated indicators, and there are still a large number of indicators that are set according to the products list. Understandably, all of this impedes the justifiable expansion of the independence of the enterprises. The process of reducing the number of directive planning indicators should be stepped up, limiting them to only the most important list and assignments for centralized capital investments and national economic target programs. At the same time it is necessary to expand the range of general (unit, group) economic normatives that ensue from the plan and are stable for the five-year plan (normatives for the formation of the wage fund, the formation of the economic incentive fund, the distribution of profit and so forth). P. G. Bunich, a corresponding member of the USSR Academy of Sciences N. Ya. Petrokov (TsEMI of the USSR Academy of Sciences) and G. Ya. Kuperman also discussed the relation between physical and value indicators in their reports. Here they discussed the need to increase the role of the latter while limiting the sphere of the utilization of the former. In connection with problems of improving indicators, in particular, they suggested an experimental testing of the application of the indicator "Actual Net Output" as the one that reflects most fully the results of the work of the enterprise itself.

A number of the statements considered questions of increasing the role of the enterprises in the development of plans. They discussed testing a system of planning which combines as the basis for determining the production program the economic agreements and the state "plan-order." It was also suggested that a competitive system be developed for distributing state orders as well as the corresponding division of resources since, in the opinion of certain participants in the conference, such a mechanism for drawing up the plan will contribute to the greatest degree to cost-accounting principles and will provide a better combination of centralized planned management and the independence of the enterprises. The speakers discussed further improvement of planning with the increasing role of the program-target method and also the provision of comprehensive planning of all stages of the scientific and technical cycle--from applied scientific and technical development and their assimilation and introduction into production to expensive dissemination of innovations in the national economy.

Quite naturally, at the conference primary attention was devoted to acceleration of scientific and technical progress and its orientation toward the entire economic mechanism for management. Thus the report by Dr of Economic Sciences D. S. Lvov (TsEMI of the USSR Academy of Sciences) contained the point that the existing two systems of economic measurements (on the one hand, indicators of the technical and economic substantiation for new technical equipment and, on the other, indicators of the real cost-accounting system) constructed on the basis of different principles do not provide for unity of interests in all stages of the scientific and technical cycle. It is crucial to construct a unified system of economic measurements that provide for unity of national economic and cost-accounting criteria of effectiveness.

The financing of scientific and technical progress was discussed in many of the speeches. The new methods of management presuppose the introduction of the principle of self-financing of cost-accounting enterprises. This means first and foremost using their own funds to finance technical reequipment and reconstruction, expansion of the enterprises, and improvement of product quality (when there is not enough internal capital extensive use of credit is envisioned). For purposes of expanding the internal base for financing scientific and technical progress it is suggested to increase the role of the fund for the development of production, for which one can increase normatives of deductions into this fund from profit and transfer into it all of the amortization deductions for the renovation of fixed capital. Special attention should be given to questions of the actual material support for this fund).

Suggestions concerning improvement of the policy for the formation and utilization of the unified fund for the development of science and technology were made in the report by Dr of Economic Sciences A. M. Kovaleva (MIU); the provision of a link between deductions into the YeFRNT and the process by which the enterprises obtained money from this fund through decentralization of this fund and provision of conditions whereby the money forming it is earned at the enterprises themselves; and expenditure of a large part of the money from the YeFRNT on the assimilation and introduction of the technical equipment. Regarding problems of optimization of the sources of finance in scientific and technical progress and their efficient utilization, A. M. Kovaleva noted the need to increase the share of credit as a source for covering expenditures on science; for these purposes it is necessary to conduct a substantiation of the ratio between internal and borrowed money in the sources of the formation of circulating capital and to expand the granting of credit for the introduction of new technical equipment.

The task of accelerating the rates of scientific and technical progress is linked to improvement of the system of material incentives of the final results of the activity of the enterprises (associations). In their reports participants in the conference touched upon issues related to the coordination of the incentives for workers with the achievements in the area of scientific and technical progress and the insurance of an interconnection of cost-accounting interests of all participants in the investment cycle on the basis of an efficient distribution among them of the economic effect actually achieved from the introduction of innovations. The speech by Candidate of

Economic Sciences I. G. Ivannikov (LFEI) contained suggestions which amounted to better coordination of wages of engineering and technical personnel in design and technological subdivisions with the effectiveness of their work: setting norms for the labor of designers and technologists, evaluating the labor contribution and the quality of labor of each worker in terms of criteria that have been developed for this, determining the increments to the salaries for high-quality results of labor within the limits of the amount saved on the wage fund, and so forth.

At the conference they discussed prospects for the development of scientific production associations. In particular, Candidate of Economic Sciences P. V. Talmin (MFI) discussed ways of improving their structure which presuppose an orientation of these associations not toward industrial activity, but toward experimental work and work related to the introduction of innovations. Possibilities of organizing interbranch scientific production associations were analyzed.

The modern problems of the investment policy and the increased role of reconstruction and technical reequipping of production on the basis of improvement of planning and material incentives were the subject of consideration in the report by Dr of Economic Sciences I. G. Galkin (MIU). Among the suggestions he made was the need to develop norms for the duration of reconstruction and technical reequipping of existing enterprises and also normatives for construction stockpiles. Additionally, it would be expedient, in the opinion of the speaker, to revise the system of adjustment coefficients for reconstruction of existing enterprises taking into account the degree of complexity of the work and other factors.

It was noted repeatedly at the conference that the economic experiment has, exerted a positive influence on the quality of the products that are produced; at the same time there is still a persistent need for further improvement of the mechanism for control of product quality. In this connection participants in the conference drew attention to how important it is to raise the level of certification work and to create a unified statewide system of certification of the technical and economic level of the production of items that are produced and technological processes. Directions were pointed out for increasing the role of prices in providing incentives for the production of high-quality products: expansion of the rights of enterprises when establishing the price level, taking into account the consumer qualities of the product, provision of a closer link between increments to the price and the economic effect from the utilization of the products, strengthening of the practice of utilizing contractual prices, and so forth. Candidate of economic sciences M. G. Lapusta (MIU) noted, in particular, that under the conditions of the experiment it is necessary to increase the role of product quality indicators when organizing the system of bonuses and wages for workers and to restore in the system of evaluation criteria the indicator of high product quality, which is differentiated among the various branches of industry.

Within the framework of the concept of orienting the economic mechanism toward a growing level of effectiveness of production, at the conference they suggested directions for the development of economic levers and stimuli and improvement of the entire system of cost-accounting relations. In connection

with the consideration of questions of self-financing of cost-accounting production associations, a comprehensive analysis was given of the mechanism existing at experimental enterprises for the distribution of profit and the prospects for its development in the direction of the establishment of norms of deductions from profit that are stable for the entire five-year plan, and measures were proposed for strengthening the role of payments for resources in the system of distribution of profit. It was emphasized that the most complete realization of the principle of self-financing presupposes further improvement of the finance and credit system: the development of a unified finance and credit plan for the enterprise, increased significance of bank credit for making up for the shortage of internal funds, improvement in the area of circulating capital, and so forth.

While recognizing the undoubted advantages of the new approach to the formation of the wage fund and the economic incentive funds, which are brought about by the direct link between the increase in these funds and the concrete final results, the speakers noted a number of shortcomings in the mechanism adopted for the experiment. P. G. Bunich suggested changing over from the growth principle for the formation of the wage fund and the economic incentive fund to a policy whereby all earnings depend on the final result, and the economic incentive funds are determined by direct deduction from profit.

In the report by Dr of Economic Sciences V. Ye. Astafyev (USSR Ministry of the Electrical Equipment Industry) he conducted an analysis of the results of the experiment in the branch and noted the positive results (increased contractual discipline, motivation of the enterprises to reduce the number of workers, and so forth). At the same time, when organizing the next stage of the economic experiment it will be necessary to resolve a number of currently existing problems related to the number of established indicators, the conditions for the utilization of the fund for the development of production, the mechanism for the formation of incentive funds and the wage fund, and so forth.

In connection with the consideration of the extremely crucial problem of increasing the role of the consumer in economic ties (this was discussed by N. Ya. Petrakov and other participants in the conference), it was recognized as expedient to improve the policy for evaluating the fulfillment of contractual commitment, to increase material responsibility for violation of agreements by making fines dependent on the amount of harm that is caused, to extend the principle of material responsibility to all economic partners both along the horizontal and along the vertical of the system of management, and to expand the rights of the enterprises in the area of distribution and sale of products. Dr of Economic Sciences S. N. Voronin (NIIMS under the USSR Gosstab) noted that it is necessary to include material and technical supply in the economic experiment, extending cost-accounting principles to the organization of this sphere. It is necessary to create unified regional systems of material and technical supply and expand the practice of guaranteed comprehensive supply for construction sites.

The report of Candidate of Economic Sciences V. A. Savin (VNIKI of the Ministry of Foreign Trade) was devoted to the problem of providing incentives for export production. In connection with the subject he was considering, the speaker considers it expedient to increase the proportion of currency

deductions left at the disposal of the enterprise, to provide for a connection between increments to the price and the effectiveness of the product sales on the foreign market, to coordinate the system of incentives with the results of the exporting of products, and so forth.

Extending the principle of cost accounting to the internal subdivisions of the associations (enterprises) and to specific workers was the subject of the report by Dr of Economic Sciences L. E. Kunelskiy (USSR State Committee for Labor and Social Problems) and Hero of Socialist Labor V. P. Serikov (USSR Ministry of Heavy Construction) in which they emphasized the need to round out the measures for improving the economic mechanism from above with the development of initiative from below, providing for unity of the interests of the national economy and the cost-accounting collectives. To do this the system of planning, evaluating and reporting results and motivating internal subdivisions should be arranged on the basis of the tasks of the production association as a whole. Suggestions were made concerning transforming the indicators that are set for the enterprise into indicators for the shops, sections and brigades. Special attention was devoted to problems of spreading the brigade contract.

In the speech by Dr of Economic Sciences V. N. Fedinin (deputy editor in chief of the newspaper SOTSIALISTICHESKAYA INDUSTRIYA) he considered ways of increasing the role of socialist competition such as orienting it toward qualitative indicators and scientific and technical progress, and he drew attention to questions of improving the system for evaluating and summing up the results of competition, creating a unified fund for stimulating competition among associated workers, and so forth.

Addressing problems of the legal support for the economic mechanism for management, corresponding member of the USSR Academy of Sciences V. V. Laptev (Institute of State and Law of the USSR Academy of Sciences) noted that modern economic legislation does not fully correspond to the new methods of management. A system has not been formed for unified regulation in management of the economy as a whole and the economic activity of individual organizations, there is an excessive number of departmental legislative acts, and so forth. It is necessary to develop a unified legislative document--the economic code of the USSR, which will provide a basis for the development of the entire system of legislation and will make it possible to reduce the volume of departmental normative documents.

The conference devoted a good deal of attention to improving the organizational structures for the management of the economy. Thus in his speech Candidate of Jurisprudence V. D. Rudashevskiy (VNIISI of the USSR Gosplan and the USSR Academy of Sciences) emphasized that the tasks for the development of such structures of management actually accomplished little under the conditions of the economic experiment. It is necessary to make a clear delimitation of the functions among all units of the system of management, thus releasing the central management agencies of the work of solving current problems, to create interbranch management agencies, and to expand the independence of enterprises in their operational and management activity.

Dr of Economic Sciences Z. P. Romyantseva (MIU) pointed out the need to create a special system of control of experiments which presupposes their comprehensive support (scientific, organizational, methodological, personnel, social, informational and economic). It would further be expedient to develop statewide provisions concerning the experiment. Ya. V. Radchenko (MIU) thinks that the regulation of the conducting of one specific experiment or another and the development of its content, conditions for conducting it and dissemination should be handled by a management agency that is especially created for this.

Candidate of Economic Sciences G. R. Latfullin (MIU) substantiated the need for revising traditional forms of distribution of management functions among the brigade, foremen and shop chief with the extension of the rights of the brigade leader.

A number of the speeches considered problems associated with training and increasing the qualifications of management personnel under the conditions of extensive introduction of new forms of management. Participants in the conference (Doctor of Economic Sciences K. I. Mikulskiy--IEMSS of the USSR Academy of Sciences, Candidate of Economic Sciences M. B. Melnik--MNIIPU) also noted that the development and dissemination of new forms of economic management require accounting and analysis of the experience of sister socialist countries.

At the conference they adopted recommendations concerning further improvement of the economic mechanism for management and the provision of conditions for the dissemination of new management methods. The recommendations included, in particular, the following proposals.

In the area of planning. To conduct theoretical research and prepare for practical realization as an experiment a system of "cost-accounting planning," which is based on the distribution by planning agencies among enterprises and associations of "plan-orders" which envision mutual responsibilities of the parties; to expand independence and increased responsibility for decisions that are made by planning, financial and administrative agencies of the region and economic organization; to test the suggestion to arrange wholesale trade in means of production on the basis of a competitive contractual system; to carry out a further reduction of the number of planning indicators that are submitted to the enterprises while expanding the utilization of economic normatives, and so forth.

In the area of improving control of scientific and technical progress. To create a well-balanced system of scientific and technical programs; to carry out a changeover from planning measures for the development of science and technology to planning indicators that characterize the results of the introduction into production of scientific and technical achievements; to open up a comprehensive scientific research subject on the problem of applying the reproduction approach to the development of the mechanism for increasing the effectiveness of machines; to begin an economic experiment in the creation on the basis of NPO's and PO's of cost-accounting comprehensive production associations that engage in scientific research and development work, the assimilation of production, and manufacture, introduction with the consumer

and repair of complicated machines (envisioning similarly the organizational form for the realization of the reproduction approach); to refine, expand and deepen the functions of the state committee for science and technology concerning the organization and coordination of scientific and technical activity; to provide for the creation of comprehensive interbranch scientific and technical centers; to consider the possibility of creating a system of introduction organizations and engineering centers; to develop scientific research centers on the basis of higher educational institutions, and so forth.

In the area of control of product quality. To include in scientific and technical programs and plans the scientific and technical development comprehensive interconnected requirements on the quality of the initial raw material, processed materials, semimanufactured products, batching items and prepared products; to expand the practice of evaluating the most important kinds of products at the manufacturing enterprises by representatives of the clients and trade organizations, and so forth.

In the area of increasing the influence of economic levers. To orient the entire system of economic levers and stimuli toward the principle of evaluating the activity of labor collectives for the level of effectiveness of their work; to prepare recommendations for changing enterprises and associations over to the conditions of economic experiments conducted in the Sumy Production Machine-Building Association imeni M. V. Frunze and the AvtoVAZ Production Association; to extend the policy of payment by the bank of interest to the associations for the utilization of money from their development fund for temporarily free cash for other cost-accounting funds; to utilize the stable normatives established for the long-range period for shared deductions from the currency earnings at the disposal of the associations (enterprises) that deliver products for export; to bring fine sanctions closer to the amount of harm that is caused; to develop standard and branch methodological provisions for determining the amount of damage; and so forth.

In the area of improvement of price setting. To grant economic organizations the right to establish and revise prices, taking into account the concrete consumer value; to utilize the practice of contractual prices more extensively; to reflect in the prices the dynamics of the changes in expenditures and results as well as the system of public priorities.

In the area of material incentives. To provide for the elimination of equalizing in wages and bonuses, to increase the flexibility of the wage rate and bonus systems; to utilize more extensively and effectively the savings from the wage fund when establishing additional payments for professional mastery, combining occupations and expanding zones of service; to envision a rejection of the establishment of maximum permissible amounts of bonuses; to conduct practical testing of various modifications of a progressive tax for regulating the level of incomes of workers; to conduct theoretical research in the area of utilization of the residual-result method of forming the wage fund from the actual output in various branches, taking into account the peculiarities of the reproduction conditions; to test the application of stable normatives of deductions from their own share of the profit into the unified fund for material incentives for enterprises; as an experiment, to

eliminate the guaranteed lower level of the material incentive fund in the event that deductions are reduced as a result of products being returned because of their poor quality or when reimbursements are made in an amount of up to 70 percent of the sum of the rebates from the wholesale prices for products from the material incentive funds of the manufacturing enterprises, and so forth.

In the area of improving the organizational structure of management. To conduct research to determine the degree of correspondence between the existing structures of management and the modern tasks of guidance of the economy; to revise the composition of positions that are included among management personnel and the composition of expenditures on management; to develop a system of normatives of the effectiveness of management; to expand the training of specialists in management; to provide organizational support for overcoming departmental barriers in management of the economy; to create a scientific and methodological basis for the extension of the principles of the collective contract to the associations (enterprises), and so forth.

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ECONOMIC POLICY, ORGANIZATION AND MANAGEMENT

GOSPLAN OFFICIAL DISCUSSES INCENTIVES TO STIMULATE PROGRESS

Moscow PLANOVOYE KHOZYAYSTVO in Russian No 3, Mar 86 pp 62-70

[Article by R. Kozhevnikov, subsection chief, USSR Gosplan, candidate of economic sciences: "Economic Incentives to Stimulate Scientific and Technological Progress"]

[Text] All-round intensification of social production puts scientific and technological progress in the economy at a qualitatively new stage. The influence of intensive factors on the rates and proportions of economic development is increasing precisely due to the extensive use of the achievements of science and technology; rapid modernization of production; introduction of advanced technology and highly productive equipment, and on this basis the substantial raising of the technical and technological level of production.

Intensifying the influence of economic levers and incentives is called upon to play an important role in solving such tasks. At the 27th CPSU Congress M. S. Gorbachev stated: "We cannot solve the tasks set for acceleration of scientific and technological progress if we do not find levers which will grant priority only to those research institutions, industrial enterprises and collectives which are actively introducing everything new and advanced and are seeking ways of producing high quality and effective goods." (1) In connection with this, the system for the management of scientific and technological progress also requires improvement. It is necessary to bring it into accord with objective changes taking place in productive forces and production relations and to use more fully economic managerial methods.

In recent years a system of measures was worked out and implemented to increase the influence of economic incentives on the acceleration of scientific and technological progress. The mid 1960's is singled out as the time at which such measures were implemented. This was when the economic mechanism for the management of industrial production was restructured (the formation of economic incentive funds, intensification of the role of end economic results of activity and their use as estimative and capital formation indicies, the introduction of interest on fixed capital, etc.) and substantial changes were also introduced into the system of economic incentives to stimulate scientific and technological progress. At the end of the 1960's the principal of the economic reform in industry, including in the area of

economic incentives for the creation, assimilation and introduction of new equipment, were extended to the sphere of activity of branch scientific organizations of industrial ministries and departments.

The experience in applying economic methods for management of scientific and technological progress, acquired in a number of branches during the 9th and 10th five-year plans, was expressed in the CPSU Central Committee and USSR Council of Ministers decree, "On Improving Planning and Increasing the Effect of the Economic Mechanism on Improving the Effectiveness of Production and Work Quality" (1979). During the 11th five year plan the system of economic levers and incentives was supplemented by measures in the field of price formation for new production; expanding authority in the expenditure of incentive funds; increasing economic responsibility for the fulfillment of plans and targets for the development of science and technology, etc. They were stipulated, in particular, by the CPSU Central Committee and USSR Council of Ministers decree, "On Measures to Accelerate Scientific and Technological Progress in the Economy" (1983) and "On the Broad Assimilation of the New Managerial Methods and Intensification of their Influence on the Acceleration of Scientific and Technological Progress" (1985).

In terms of its sphere of application, the economic incentive system for scientific and technological progress was developed first of all in industrial production, where methods were found and introduced to link it directly with cost accounting results from the creation and operation of new equipment. These methods were later extended to scientific work in industrial branches, which was the logical conclusion to the formation of an overall system of economic levers and incentives for a unified innovative process. During the current five-year plan the cost accounting system for the organization and economic stimulation of the development, assimilation and introduction of new equipment will be introduced in non-industrial branches of the economy (construction, transport, communications, geology, agriculture, etc.), as well as in scientific institutions and organizations of the USSR Academy of Sciences and the academies of sciences of the Union Republics.

In terms of its forms of influence, the system of economic levers and incentives was improved, as has already been stated above, by linking it with the end cost accounting indices of the creation and operation of new equipment. This determined the priority formation of collective forms of incentives in the form of incentive funds, for associations, enterprises and organizations, the development of a mechanism to compensate for increased expenditures during the period of mass assimilation of new equipment, etc.

Later the collective forms of incentives are supplemented by individual forms by expanding the scope of position-related salaries and introducing supplements and individual bonuses paid to workers, depending on the effectiveness and quality of their work. In its development the economic incentive system, besides incentive measures, began to make greater use of sanctions and fines; for example, discounts from wholesale prices for obsolete products, reducing bonuses for worsening work indices, etc., which expands the ways that economic levers influence the acceleration of scientific and technological progress.

The currently existing system of economic levers and incentives to scientific and technological progress is based, most of all, on the opportunity to organize independent economic incentive funds for the direct creators of new equipment. In scientific research, design and technological organizations a material incentive fund and a fund for social and cultural measures and residential construction have been established. In production associations and enterprises funds for bonuses to workers who participate directly in the creation, assimilation and introduction of new equipment are being additionally allotted to the material incentive fund. Other sources are also being used for these purposes. For example, one time bonuses may be paid from the unified fund for the development of science and technology for the development and production of especially important and highly effective types of machinery and equipment, and savings obtained in the plan wage fund are being used for individual incentives to workers in the form of supplements to their position related wages.

Authority to form independent economic incentive funds, as well as to bring in other sources, has been backed by the creation of necessary conditions which insure the effective expenditure of these funds. Such conditions provide for increased responsibility on the part of the developers and manufacturers of new equipment for the end economic results of its use in the economy. It is precisely for this reason that the actual economic savings assessed by the economy from reducing the cost price of production through introducing scientific and technological measures, or additional profit obtained from the sale of new, highly effective products acts as the main source for the formation of incentive funds, in the form of incentive supplements to their wholesale prices. At the same time, the authority of economic managers to expend the given resources is expanding, most of all as regards wages to workers, depending on their personal contribution to the creation of new equipment and the time periods and quality of the work.

Of course, the functioning of this economic incentive system was supported by corresponding changes in other elements of the overall system for the management of scientific and technological progress.

In the area of planning, the composition of plan indices for the introduction of new equipment; the main targets for the fulfillment of all-union scientific and technological programs and the development, assimilation and introduction of new, highly effective goods and technological processes, envisioned at the national economic level in the form of directives; the main indices of the technological level of production and manufactured products; and indices for resource savings are being systematically defined more precisely.

Such a standard product mix of plan indices is being specified for individual ministries and departments for the purpose of determining the main avenues of scientific and technological progress which are subject to priority centralized management. This is very essential for the formation of an effective system of economic incentives for scientific and technological progress, since fulfillment of the plan for the introduction of new equipment has become a most important index, based on which results of productive activity are assessed and bonuses are paid to economic managers for the main results of their work.

Including among plan indicies the economic savings realized from carrying out scientific and technological measures has taken on fundamental importance. This index for industrial ministries is being confirmed through savings from reducing the cost price of products by implementing measures aimed at increasing the technological levels of production, including the introduction of advanced technology; the mechanization and automation of production processes; modernization of operating equipment, etc. Plan management, along with other measures, has helped to improve somewhat this index. During the 11th Five-Year Plan stable economic growth rates were achieved through increasing the technological level of production (an average of approximately nine percent per year). In industry, for the first time in the last 12 years the tendency toward a decline in the effectiveness of expenditures for the introduction of scientific and technological measures was overcome. During 1983-1985 the savings per ruble spent increased ~~markedly~~. The favorable dynamic of this index bears out expanding the capabilities of the existing economic incentive system from the standpoint of increasing its influence on accelerating the rates of scientific and technological progress.

In the area of financing, the switch of all industrial ministries and departments to financing measures for scientific and technological progress from the unified fund for the development of science and technology (YeFRNT), which is formed by deductions from plan profits of enterprises and associations, was completed during the 11th Five-Year Plan. As a result, concentration of financial resources allocated for the development of science and the introduction of its results into production has been achieved, which facilitates carrying out a unified technological policy. At the same time, the creation of YeFRNT also helped the branches to solve problems related to economic incentives. In particular, work of an industrial nature associated with the development and introduction of new equipment is financed from this fund. This work is taken into account in the overall amount of production and a standard additional profit is charged for corresponding groups of products, which serves as an additional economic lever to stimulate scientific and technological progress.

In the area of price formation, measures were aimed at strengthening the influence of the wholesale pricing system and supplements and discounts from these prices to increase the economic interest of production associations and enterprises in accelerating the modernization of products which they produce and withdrawing obsolete products from production in a timely manner. Prices for new equipment began to be established taking into account reimbursement of all standard expenditures for its manufacture already during the first year of series production, and a level of profitability no lower than that determined in the plan for the enterprise as a whole or for the products being replaced. Moreover, effectiveness and high quality incentive supplements to wholesale prices for new equipment are being approved in an amount up to 30 percent. In such supplements up to 50 percent of the economic savings is taken into account. For production based on developments recognized in the established procedure as discoveries and inventions; manufactured to replace imported products, as well as for industrial robots, up to 70 percent of the economic savings is considered.

According to information of USSR Goskomsen in 1984 one in two prices (in 1980 it was one in four) was approved with an incentive supplement. In all branches of machine building the share of additional profits through incentive supplements from the sale of highest quality category products in the overall amount of the product is increasing continuously. In 1984 it was 6.2 percent as opposed to 4.5 percent in 1982. Approximately 70 percent of this money was placed in the economic incentive funds for the developers of the new equipment.

In the area of wages, the system of material incentives to scientific and technological progress rests on the rather wide range of duties of workers who create new equipment. The scope of position-related wages makes it possible to apply material incentive measures for successful work through promotion in duty position or through changing wages within maximal and minimal limits. The possibilities for material incentives are supplemented by the rights to establish personal supplements for individual workers within the limits of the regulated portion of the plan wage fund.

Moreover, the opportunities to provide individual bonuses to participants in the creation and development of new equipment and technology are being expanded. This is being provided by additional sources through which such bonuses are paid (unified fund for the development of science and technology; centralized bonus funds, etc.), as well as by obtaining authorization for their payment at rates above the established limits on individual bonuses.

The experience of the Physical Chemistry Scientific Research Institute imeni L. Ya. Karpov in paying wages to workers depending on the effectiveness of their activity is of interest. Now it has been extended to 70 scientific organizations of 33 ministries and departments, with an overall total of more than 60,000 workers. The managers of these organizations have been granted the authority (at the decision of qualification commissions) to establish for scientific and engineer-technical workers for a two year period guaranteed minimum wages in the amount of 70-80 percent of actual position-related wages and supplements to them depending on the effectiveness of their work, as long as the guaranteed wages along with the supplements do not exceed the established maximum amounts. The portion of the wages which it is necessary to "earn" and confirm by specific indices of labor effectiveness is sufficiently high, comprising more than a third of total wages.

This constitutes a real expansion of the authority of managers to establish wages taking into account the effectiveness of the research and developments which are carried out. It is also important that the wage increase is being provided by measures to improve the effectiveness of labor which are realized through internal sources, without the allocation of additional monies.

The results of the activity of scientific organizations which are applying the experience of the Karpov Institute confirm the effectiveness of the wage system. During the years of the experiment the economic impact of developments increased approximately 2.4 fold, and calculated per ruble spent it increased 40.1 percent. The average annual increase in the amount of work, calculated per employee was 4.2 percent. All of this has been achieved virtually without increasing the number of workers.

The shift by the institutes to the new wage system also helps improve the creative atmosphere and the organization of work; strengthen labor discipline in the collective; improve the interest taken in fulfilling successfully the research plan and accelerating the introduction of its results into production; and increase the number of authorship certificates, patents and scientific publications.

In its thrust toward establishing a direct link between wages and the indices of labor effectiveness, an experiment to improve the wage system for workers in design and technological organizations and elements included in a number of production associations in Leningrad is close to the "Karpov system." A great deal of work was accomplished in these organizations and elements to increase the objectivity of the assessment of the specific labor contribution of each worker; to intensify engineering labor and improve its norm setting (the standards worked out provide for the distribution of normative targets to more than 85 percent of the workers), etc.

Reducing the number of workers saved 11 percent of the wages of the approved wage fund for the corresponding period. More than two-thirds of the savings were spent to raise wage rates and pay supplements and additional payments to the position-related wage of designers, technicians and other specialists directly involved in developing new, highly effective equipment and technology. The average supplement constituted approximately 20 percent of the monthly wage, including the payment from the material incentive.

Despite the substantial reduction in the number of personnel, all design and technological organizations and elements operating under experimental conditions fulfilled the plan amount of scientific research, experimental design and technological work, including the targets of programs to solve the most important scientific and technological problems and the targets of the state plan pertaining to assimilating new targets of industrial products and expanding the amount of new equipment and advanced technology used. As a result of the research efforts accomplished by these elements substantial improvement was achieved in the main indices of the effectiveness of industrial production, including a reduction in the material and labor intensiveness of production.

The experience of the Leningrad experiment and the "Karpov system" make it possible to define directions for the development of material incentives in the area of acceleration of scientific and technological progress. It seems useful to increase further the share of the variable portion of wages, which it is necessary to earn by one's specific contribution to the development and introduction of scientific and technological innovations and by improving the indices of the success and effectiveness of one's work.

Increasing the variable portion of wages can be accomplished, first of all, by raising individual supplements to position-related wages. It is useful to implement this avenue of strengthening the incentive role of wages for workers whose work makes it possible to use specific criteria for assessing its effectiveness (times required to fulfill individual orders; technical level of engineering decisions made; quality of technical documentation, etc.).

Obviously, this is applicable in the first place to designers and technicians, whose supplements to position-related wages should be substantially increased. The fears sometimes expressed, that funds allocated for supplements will be quickly used and that their establishment at the maximum level reduces the incentive, were not confirmed by the experience of design and technological organizations and elements working under the conditions of the Leningrad experiment. Economic managers with the authority to establish an unlimited level of personal supplements for workers within the limits of an overall savings of the wage fund, spent funds very carefully in order not to lose this effective incentive for raising the effectiveness of engineer labor and in order always to have a reserve for an additional incentive for successful specialists.

For scientific workers, whose labor effectiveness is evaluated by more general criteria, the variable portion of wages can be increased by substantially expanding the scope of position-related wages. This measure, with the simultaneous increase in the role of certification (according to its result a worker is not only promoted or demoted, but his wages can be substantially changed without changing his functions), strengthened the influence of material incentives on the output of scientific collectives. In this regard it should be noted that under conditions of a limited range of duties for scientific workers, promoting them, as a rule, is accompanied by giving them administrative duties, which is far from always justified. Expanding the range of duty positions will also provide a more flexible incentive to creative labor.

The large-scale economic experiment being conducted, as is known, has the objective of developing a managerial mechanism under conditions of intensive developmental factors. A number of measures provided for by the experiment are directly related to this system of economic incentives to scientific and technological progress. Thus, to increase the interest in modernizing the product list, enterprises and associations are compensated for the reduction in the wage fund and material incentive fund, during the period of mass assimilation of new equipment, from appropriate centralized sources. To cover increased expenditures for the assimilation of new equipment, enterprises and associations can independently use part of the funds designated for the formation of the unified fund for the development of science and technology. To stimulate the production of highly effective equipment, it is authorized for products with the state mark of quality delivered for export, to use incentive supplements to domestic market wholesale prices. These measures supplement the system of economic stimulation of scientific and technological progress, and in the future it would be advisable to expand the sphere of their activity.

At the same time, THE EXPERIENCE ACQUIRED IN THE WORK OF BRANCHES UNDER CONDITIONS OF THE LARGE SCALE EXPERIMENT CONFIRMS THE NEED FOR MORE SUBSTANTIAL RESTRUCTURING OF THE ECONOMIC METHODS FOR THE MANAGEMENT OF SCIENTIFIC AND TECHNOLOGICAL PROGRESS, AND MOST OF ALL, FOR DRAWING THEM TOGETHER WITH THE OVERALL SYSTEM OF ECONOMIC LEVERS AND INCENTIVES. Such a restructuring is not only compatible with the change in the economic situation, which moves scientific and technological progress to the status of the main factor of economic development and of increasing the effectiveness of

social production, but also reflects an actual embodiment of the well known postulate about turning science into a direct productive force. In practice this means that when choosing estimative and fund-formation criteria, used by the existing economic incentive system, priority should be given to indices of scientific and technological progress.

In this regard, the proposals made by a number of branches working under the experimental conditions about strengthening economic incentives for producing highest quality category products merit attention. It has been proposed that allocations into the material incentive funds of associations and enterprises be differentiated depending on the portion of products bearing the state mark of quality. The wage fund itself and additional increases to the fund are made according to a stable standard for each percent of increase in the production of highest quality category goods. This procedure for the formation of the wage fund is being extended also to scientific research, planning and design, and technological organizations, the efforts of which result in the production of highest quality category goods. A plan target is established for these organizations for the share of such products. If the target is not fulfilled, they are deprived of the right to the supplemental wage fund. With such an organization of funds for wages, increasing the wage and material incentive fund will result only from a direct increase in the share of highest category products in the total. In other words, a direct incentive is established for one of the most important indices of scientific and technological progress.

The CPSU Central Committee and USSR Council of Ministers decree, "The Widespread Extension of New Economic Methods and Increasing the Influence on the Acceleration of Scientific and Technological Progress," is aimed at drawing these methods together with the overall system of economic levers and incentives. It provides for including in the amount of sold products the cost of efforts to develop the production of new equipment. Nonfulfillment of the targets envisioned by the plan is taken into account in assessing the fulfillment of the plan for product sales, based on commitments for shipments in accordance with agreements (orders) which have been included. Thus, the highly effective economic incentive system adopted under the experimental conditions will also encompass the plan for new equipment, which will undoubtedly raise the economic responsibility for its fulfillment.

The above mentioned decree envisions forming a unified fund for technological developments in enterprises and associations. It is to finance planning and design initiatives for the development of new equipment; offset increased expenses during the period of its assimilation; and accomplish redesign and technical retooling of production.

Of course, the unified funds expand the independence of enterprises and the opportunity for economic flexibility, and consequently also the effectiveness of managerial decisions, including those pertaining to economic incentives. But in this, the priority given to scientific and technological measures is important. Consequently, the decision to create at enterprises and associations working under the experimental conditions a unified technological development fund should also anticipate that it will primarily be spent for scientific and technological progress.

The importance of observing this condition is confirmed, in particular, by the experience gained in shifting scientific organizations to the system of calculations for entirely finished work which has been accepted by the client. It was planned to implement the shift with the use of bank credit to cover expenditures prior to the end of the plan period for turning over the results of scientific research and developments. However, the complexity involved in extending credit, especially given the lengthy cycle for the fulfillment of scientific projects, led to a situation in which this procedure is introduced, as a rule, by allotting scientific organizations their own working capital. Doubt is raised about establishing these resources mainly from the unified fund for the development of science and technology. After all, it not only does not provide direct incentives to reduce expenditures and the time period required for carrying out scientific research and development, but it also leads to diverting the monies contained in YeFRNT [unified fund for the development of science and technology] from their direct purpose. In our opinion, allotting scientific organizations their own funds should be limited to no more than 10-15 percent of the annual amount of work (precisely the average share of standard working capital in machine building organizations). Remaining expenses can be covered through credit. As a source of increasing and supplementing their own working capital it would be appropriate to use savings in the estimated cost of scientific work, which form as a result of reducing the time period during which it is carried out and through the effective use of resources. This combination of two sources for financing work which is being carried out until it is paid for by the client makes it possible for branch scientific organizations to implement more fully cost accounting managerial principles involving the use of economic levers and incentives.

THE RESTRUCTURING OF ECONOMIC INCENTIVES MUST ALSO PROVIDE FOR MORE CONSISTENT INTRODUCTION OF THE PRINCIPLE OF ECONOMIC RESPONSIBILITY ON THE PART OF THE CONSUMER OF NEW EQUIPMENT FOR THE LEVEL AT WHICH IT IS USED. The existing system of economic levers and incentives and active searches for ways to increase their influence on the acceleration of scientific and technological progress as a whole are limited to measures influencing the developers and manufacturers of new equipment. This thrust also reflects the general imbalance of the entire managerial system from the standpoint of ensuring the interests, rights and duties of consumer and producer.

In recent years the role of the consumer has increased in the formation of requirements for technical and economic indices of new equipment; developing NIOKR [scientific research and experimental design work] plans; determining future standardization and systems of machinery, equipment and instruments, etc. However, economic measures to influence improving the use of new equipment by the consumer are virtually not being implemented. And such measures as payments for fixed capital and working capital; planning return on investment; control of the equipment workload ratio and others, for a number of reasons, remain insufficiently effective. It is not accidental that the system of material interest in high end results of production in those branches working under the economic experimental conditions does not provide bonuses for improving the indices of use of fixed production capital.

ONE OF THE WAYS TO INCREASE THE ECONOMIC RESPONSIBILITY OF THE CONSUMERS OF NEW EQUIPMENT IS TO REORIENT THE PLANNING SYSTEM TO GIVE PRIORITY TO ECONOMIC CRITERIA OF THE EFFECTIVENESS OF SCIENTIFIC AND TECHNOLOGICAL MEASURES AND TO INTRODUCE A STANDARDIZED METHOD OF PLANNING THEIR RESOURCE PROVISIONING. Today, planning such indicies in the form of savings from reducing the production costs of products through introducing scientific and technological measures aimed at raising the technological level of production is insufficiently oriented toward intensive factors in the development of the industrial facility. The overall size of the savings is established as a plan target; a quantitative measure, close in content to the well-known volume-oriented indicies. "Payment" for the savings in the form of expenditures for the acquisition of equipment and its delivery and assembly; the cost of required production sites and other elements of fixed capital is not being adequately considered.

Increasing economic responsibility for the effective use of resources is being provided through restructuring planning technology. The plan target for economic savings must have a fixed amount of costs for carrying out scientific and technological measures, including for the main sources of financing: capital investments for technical retooling and redesign; monies for capital repair; the unified fund for the development of science and technology, etc. In the event there is a change in the target for economic savings a corresponding adjustment is also made in plan costs. The level of effectiveness; i.e., the relationship of the savings to the cost, is the criterion which quantitatively determines the amount of such adjustments. The effect of this mechanism can be illustrated as follows.

The branch begins developing its annual plan with a proposal to increase the plan target for economic savings by comparison with the levels provided for in the five-year plan. If the economic measures which provide for the increase in economic savings above that planned are financed from the unified fund for the development of science and technology, the branch should increase the expenditures from this fund to a level equal to the ratio of the increase of economic savings to the planned level of expenditures. Similarly, centralized capital investments are redesigned and technical retooling of enterprises, provided for in the five-year plan, may be reduced if in the annual plan the economic savings for measures to raise the technological level of production are lower than the targets approved in the five-year plan.

As a result, more complete balance is obtained between plan targets for economic savings and the resources allocated for carrying out scientific and technological measures. This is provided by a corresponding link between the plans for economic savings and the norms for the formation of YeFRNT and capital investment plans; most of all that portion of the monies allocated for the technical retooling and redesign of existing enterprises, etc. Thus, the index of effectiveness from those calculations becomes the active plan index which directly influences resource support for measures of scientific and technological progress.

In the future, IT WOULD BE USEFUL TO DISCONTINUE COMPLETELY SETTING A PLAN TARGET BASED ON THE AMOUNT OF ECONOMIC EFFECT AND SHIFT TO PLANNING A COST EFFECTIVENESS STANDARD. Such a shift corresponds to the principal of

strengthening centralized planning while simultaneously expanding the economic independence and increasing the responsibility of associations and enterprises for the end results of their work. This is due, on the one hand, to increasing the role of generalizing indices of production effectiveness and, in the first place, of such indices as increased profits and reduced production costs, and on the other hand, to independence on the part of enterprises in their choice of specific methods to achieve the given indices.

FOOTNOTE

1. PRAVDA, 26 Feb 86.

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PLANNING AND PLAN IMPLEMENTATION

CURRENT PLAN STRUCTURE PRECLUDES EFFECTIVE COORDINATION

Moscow PLANOVoyE KHOZYAYSTVO in Russian No 1, Jan 86 pp 73-78

[Article by A. Pan, Candidate of Economic Sciences: "Plan Quality and the Economic Contract"]

[Text] Rigorous adherence to product delivery schedules in accordance with contracts in force constitutes a critical factor in efforts to implement the policy the party has adopted of intensive economic development. Analysis of the performance of a number of industrial associations (enterprises) as part of an experiment points to the positive results. In 1984, for example, the Sredazelektroapparat industrial association fulfilled its product sales plan to the tune of 99.4 per cent taking account of contract obligations as against 99.3 per cent in 1983; the Sredazkabel industrial association met its plan obligations by 99.1 and 97.1 respectively and the Elektrodvigatel Works imeni 50th Anniversary of the USSR in Andizhan by 93.5 and 88.9 per cent.

But the satisfaction of contract obligations in terms of product deliveries does not always depend on the efforts of the association (enterprise) collectives alone. As a rule, failures to meet these obligations will be found to be linked to a broader range of economic relationships. In our view, it would be impossible to agree with the assertion of some economists that some enterprises attempt to meet plan targets by turning out products which it is "advantageous" for them to produce. In a number of instances the cause of failures to meet contract obligations is to be found in shortcomings in the present system of planning. Plans have to be both realistic and balanced and take account of consumer demand for a particular product. This principle is not always observed in actual economic practice, however,

When we look at the experimental situation in which the satisfaction of contract obligations for product deliveries constitutes the most important indicator of performance, it is entirely clear that all production called for in the production plan must have customers waiting for that production, while the manufacturing enterprise itself has to have an approved plan for deliveries. This indicator is not now a component of association and enterprise plans, while a plan for deliveries will not be found on the list of plan indicators. The current position

on deliveries of producer goods has it that the delivery plan consists in the total number of contracts the supply and marketing organizations have concluded plus the orders they have taken to be filled. The associations and enterprises are still being presented with production sales plans, in which deliveries specified in contracts and orders are not itemized as a separate plan indicator. This injects elements of subjectivism into the planning and recording keeping on deliveries. The time has come, in our view, to build a system of legal reinforcements behind the delivery plans at all levels of economic management.

Annual production plans must take fuller account of customer orders and product deliveries. Since the essence of production is "the creation of objects which satisfy needs...",¹ plans governing production should reflect specific consumer demands more accurately. Customer orders formulated in the form of delivery contracts should therefore constitute not only a means of achieving plan targets and developing a production plan, but a basis upon which to establish and correlate all the indicators comprising the technical, financial and industrial plan.

N. A. Voznesenskiy pointed to this approach to planning back as early as the beginning of the 1930's. "The production and financial plan of the enterprise is and must be the link which binds the independence of the enterprise, which takes the form of the cost-accounting system, to the general system of national economic planning. This is a product of the fact that a contract must reflect all production in the quantities and of the quality specified in the production and financial plan; on the other hand, the production and financial plan is itself a component of the general national economic plan. The proletariat as a whole with the collective Soviet authority must together see that the link is maintained between the production and finance plans and the contract so as to prevent any breakdowns in the relationship between the plan for 1931 as expressed in production and financial plan for the enterprise and the plan embodied in the contracts."²

As far as the sphere of short-term planning of production programs for associations and enterprises is concerned, customer orders are still not being taken as a basis, even though it is here that we find the most accurate reflection of specific types of commodity production and processes occurring in the different sectors of the national economy. They provide a foundation upon which to base technical, production and financial plan indicators, a focus for the organization of internal record-keeping and accounting and a basis for the mobilization of a collective for fulfillment of the state plan and customer orders with minimum expenditures of social labor. The mechanism involved in the planning of production programs on the basis of customer orders and in correlating plans and contracts still needs improvement, however. This problem emerged as a focus of particular interest under the conditions of the experiment, when evaluations and material incentives offered the collective were related directly to the degree to which it fulfilled the production sales plan in the light of product delivery obligations.

¹ K. Marx and F. Engels. "Sochineniya" [Works]. Vol 12, p 715.

² N. A. Voznesenskiy. "Izbr. proizv." [Selected Works]. Moscow: Politizdat, 1979, p 37.

Analysis of the preparation of experimental association and enterprise plans prior to the beginning of the experiment showed that the organization of the planning process, the procedures involved in approving plan targets and then disseminating target data to the appropriate production organizations, the distribution of products to capital suppliers and the development of specifications had remained essentially unchanged. There is a serious time gap between the phase in which the production plan is drawn up and approved and that during which it becomes the basis for the development of the delivery plan in accordance with signed contracts. There is no coordination between the phase during which the production plan is prepared and that in which production is distributed, and this despite the fact that they extend over a fairly long period of time. Difficulties arise because production planning is a function of a number of different organizations, which is performed in accordance with systems which do not correspond to the actual structure of the management of our industry. These problems have become a serious obstacle to further performance on contract obligations.

Beginning in March and April this year, the associations and enterprises of the electrical equipment industry will be working on the production plan for the coming year, while the delivery plan, on the other hand, is developed separately, on a quarterly basis during the plan year itself, as a rule. Associations and enterprises will occasionally be unable to draw up a delivery plan even a month before the beginning of a quarter. Industrial associations and enterprises, for example, will coordinate a consolidated annual plan with all-Union industrial associations on the basis of control figures for the five-year-plan period. This plan will then be coordinated with the main administrations for supply and marketing of the USSR Council of Ministers' State Committee on Material and Equipment Supply; the capacity-use protocols prepared at this point are substantially flawed, what with the fact that they are prepared only after coordination of the production plan. It is virtually impossible to take these protocols as a basis for determining capacity utilization rates and developing a technical, production and financial plan since they employ a consolidated products list, and, moreover, it is not confirmed by customer orders.

Based now only on the production plan, production orders go the ministries (departments) and capital suppliers within the limits allowed by allocated funds. The latter in turn distribute production among consumer enterprises under their jurisdiction, also on the basis of a consolidated product list. So at all stages of the process during which the production plan is prepared, the manufacturing enterprise and the consumer enterprise are artificially removed from any participation in it. To involve precisely these echelons of industrial management in the process of developing the state plan would, in our view, make possible more effective coordination of product specifications, assortment and demand in specific types of commodity production.

Flaws in the production planning and distribution system create a situation in which associations and enterprises are forced to go into a new planning period without any data on volumes of production called for by the plan. On January 1, 1985, for example, the Elektrodvigatel Works imeni 50th Anniversary of the USSR in Andizhan not only had no orders from product consumers for the plan year, but not a single order for some new electric motors which in engineering economic terms were far superior to the older models. Because the plant had no orders,

it cannot meet plan requirements for new equipment and proportion of overall production in the top quality category and so cannot establish its unified fund for the development of science and technology in good time. In the plant's production plan, which has been approved by the all-Union industrial association (VPO Soyuzelektromash) of the USSR Ministry of the Electric Equipment Industry, the new electric motors are itemized separately among those with capacities between 0.25 and 100 kW. In the protocol, however, they are listed on a separate line. As a consequence, customers have used funds allocated to them to order electric motors which have been taken out of production. As of April 1, 1985 the plant overall had not received orders for 20.4 per cent of the annual production plan.

Figures for the first quarter of 1985 showed that the Elektrodvigatel Works imeni 50th Anniversary of the USSR in Andizhan fulfilled contract obligations for product deliveries to the tune of 100 per cent. It was able to do this by taking a narrow approach to the process of assembling its portfolio of orders. Basing itself on the Special Terms of Product Delivery, the plant did not accept and postponed for filling later any orders arriving later than 60 days, 45 days in the case of specifications, prior to the beginning of the plan quarter, so many customers went without their electric motors. The plant took this forced step deliberately—to insure fuller use of production capacity and to fulfillment of the product sales plan and other technical-economic requirements.

Because there is no file of orders, the process of establishing a basis for the balance among indicators and the different components of the technical, production and finance plans is divorced from the reality of the actual customers. Planning is based on an assortment anticipated by analogy with past experience. But the association, or enterprise, will frequently, of course, be unable to anticipate a future volume of customer orders. Despite the fact that wholesale prices, plan estimates and labor costs have been established for every single unit of production along with norms governing material expenditures, they are irrelevant when it comes to determining volumes of production, computing production costs, establishing the wage fund and determining material resource requirements and other indicators.

It has now become an established practice to plan technical-economic indicators on the basis of what are referred to as standard representative items of production. Individual enterprises will use different principles of selection: some will select their representative product on the basis of the maximum fraction of this product in the total volume of production, while others use a product which embodies the full range of processing operations. Representative products are also selected on the basis of the product assortment actually produced over the course of the preceding year. The technical, production and financial plan developed on this basis can at best be only a rough, tentative sort of plan. This system of taking and filling orders and establishing the technical-economic indicators for the technical, production and financial plan is, in our view, one of the central obstacles to any effort to improve the economic mechanism. Furthermore:

the process of establishing the product assortment and integrating it into the association or enterprise production program takes place not at the stage of the preparation, but rather following approval of the annual plan governing

production and the sale of production, production costs, profits and other technical-economic indicators. Targets for production, product sales, profit and other indicators will for this reason be entirely unrealistic in a number of instances. The result is that an association or enterprise will then have to "match" its product assortment to a set of plan cost indicators which have already been approved;

inadequate data on demand for specific categories of commodity production forces a collective to plan its indicators with reference to existing levels, what with the fact that it cannot be sure what will be available to it in the way of material incentive funds. Whence arises the question of the "advantage" or "disadvantage" of producing one item or another;

the lack of reliable information on customer orders for the plan period does not interest the enterprise in taking on any stepped-up plan targets or in exploiting its production capacities to the fullest possible extent;

to adjust plan targets for a particular year and bring technical-economic indicators for an enterprise into line with customer orders which have actually been received is a difficult process. The difficulties arise from the fact that the industry-level management authorities lack essential information about the nationwide demand for specific types of products. It is for this reason that, in practice, there is no effort to adjust plans in accordance with incoming orders. This results in the unrealistic and unreliable analysis of performance with respect to the filling of these orders.

After receiving all their customer orders, the manufacturing enterprises compute their planned volume of product sales, which, as a rule, does not coincide with the plan directives which have already been approved. This is reflected in the production cost, profit, wage fund and other technical-economic indicators of enterprise production performance. In 1984, for example, after completing its list of orders for the year, the Elektrodvigatel Works imeni 50th Anniversary of the USSR in Andizhan realized that its customers needed 16 per cent fewer of its TO-3 series electric motors than had been called for in the production plan. At the same time, customers were ordering 6.5 per cent more of the 4AM100 motors. Similar situations emerged in the Sredazelektroapparat and Sredazkabel industrial associations.

As things stand now, an enterprise has to look for ways to make up volumes of nonlisted production and reach other production performance targets. In some instances they do this by overfulfilling the plan in physical terms (if an enterprise has unused production capacity and the additional production will be sold), while in others by disregarding the products their customers have actually ordered and by forcing products on them which they have not ordered. The Elektrodvigatel Works in Andizhan, for example, sold 6.3 per cent more production than required to fill its orders, 0.3 per cent more than called for by the approved plan. At the same time, its customers did not receive certain types of electric motors they had ordered and for the delivery of which they had contracted in the amount of 602,200 rubles.

It should be pointed out here that the production not called for by customer orders was in fact all sold to these very same customers, but it was not production which met established specifications. This is a result of shortfalls in production. A similar situation arises when producer enterprises are faced with the objective necessity of fulfilling an unbalanced plan, which undermines the initiative of the collective and minimizes responsibility for the preparation and implementation of stepped-up plans.

To solve the problem of contract discipline requires thoroughgoing improvements throughout the economic system, first and foremost improvement of the central component of the system—the planning phase. It is going to have to be reorganized so as to take into account the new requirements imposed upon evaluations of enterprise performance and to provide for material incentives for fulfillment of contract obligations in terms of product deliveries and efficient utilization of fixed production capital and material and manpower resources. Plans should be developed on the basis of customer orders and a plan for deliveries, and this in turn requires the solution of a number of complex organizational and methodological problems. In our view, this is going to require more extensive reliance on a system of direct, long-term economic relationships between consuming enterprises and manufacturing, supplier enterprises, what with the fact that the quality of the plan and the extent to which it takes customer demand into account depends to a great extent upon them.

At the present time, however, these relationships are only of a formal nature. In many instances, there will be enterprises which do not enter into any long-term economic contracts at all, and if they do, the contracts will not specify delivery terms in volume, conditions and procedures governing the submission of orders and specifications etc. Capital suppliers, that is, the main administrations for supply and marketing and the ministries and departments, are forced every year to schedule product deliveries on the basis of orders and allocations distributed among enterprises and customers which have been brought into long-term relationships with one another. The processes of planning and distributing production and of allocating funds to customers do not differ from those conventionally employed, the same multitude of echelons of authority involved taking the same length of time. This creates serious obstacles to the effort to prepare production plans on the basis of customer orders and to fulfill these plans properly and on time.

The role of contract fulfillment can be upgraded as a factor by establishing an organic link between the plan and direct, long-term economic relationships. The latter should be a tool employed in the preparation and implementation of plans. Direct, long-term relationships and long-term delivery contracts would essentially be a means of planning production on the basis of customer orders. Unfortunately, however, this type of relationship is still being seriously underused, despite the fact that it creates the conditions required for the development of a portfolio of orders. This set of orders should be assembled and used in planning production for the years ahead. This will be an important factor in the preparation of sound plans, bringing balance into production and in implementing technical and organizational measures in a timely way.

Responsibility for the establishment of sound, valid plan targets and the satisfaction of national economic demand for products should be borne by the ministries

which manufacture the biggest share of the product of a particular branch of production, and they should also be responsible for specifying volumes of production, even for enterprises under the jurisdiction of other ministries. In undertaking these responsibilities, ministerial authorities should analyze the conditions under which a product is used and develop an understanding of why a customer imposes the product quality requirements he does. USSR Gosplan, USSR Gossnab and the Ministry of the Electrical Equipment Industry are currently responsible for planning the production and delivery of electrical equipment in this country. But for all practical purposes, none of these organizations bears any responsibility for actually establishing the country's true needs in the way of electrical equipment.

In establishing production-plan and other technical-economic indicators, the ministries and all-Union industrial associations do not always have data on the volume and structure of the demand for the products of that industry. In other words, the authority exercising jurisdiction over the enterprises involved and disposing of the material and financial resources required, does not, in fact, bear any responsibility for insuring that the demand for its products is met to the fullest possible extent.

What is particularly unjustified in our view is the departmental dispersion of the production planning function and of the authorities responsible for studying demand and the allocation of production orders, this production being to a great extent concentrated within a single specialized industry. The country's cable production, for example, is concentrated in the hands of the Soyuzelektrokabel all-Union industrial association (USSR Ministry of the Electrical Equipment Industry), of which the industry's scientific research institute, planning, design and engineering organizations and test plants comprise a part. In its role as developer and manufacturer of all types of cable products, the industry coordinates with customers on the basic technical and operational characteristics of a particular product, and nobody can know better than it the country's requirements for that product. But for some reason or other, responsibility for studying the demand for cable products and for allocating production orders lies with Soyuzglavkabel (USSR Gossnab).

Now Soyuzglavkabel is today not in any position to keep track of the multitude of changes under way in the production and consumption of industry production, what with the fact that it is divorced not only from the production activities of the manufacturing enterprises, but from the immediate consumers of the industry's products as well. The most important way to gauge demand for cable products remains what is referred to as the "direct accounting method," which is based upon customer requests and which involves thousands of people in enterprises, all-Union industrial associations, ministries and supply agencies. The authorities responsible for supplying materials and equipment are not in any position to check closely on the authenticity and reliability of these requests. The complex systems of processing requests and then of checking and correlating entails a great deal of expense and is ultimately responsible for serious errors in determining the demand for products.

To increase the responsibility of the ministries and all-Union industrial associations for consumer demand for articles of production will, in our view, require the establishment within the ministries of special offices which will have the

job of studying current and long-term demand for the products of that industry. We fully support the suggestion a number of economists have made to place the main administrations for supply and marketing under the authority of the ministries. This would make it possible to close the organizational gap in the management of production and the sale of the product, make the same people responsible for studying the demand for the products of a particular industry and then allocating production orders, coordinating delivery volumes with customers, developing plans for establishing long-term economic relationships etc. Solution of these problems will contribute to efforts to improve the operation of the economic system.

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PLANNING AND PLAN IMPLEMENTATION

REPUBLIC GOSPLAN CHAIRMEN COMMENT ON FIVE-YEAR PLANS

Orientation Toward Acceleration

Moscow EKONOMICHESKAYA GAZETA in Russian No 4, Jan 86 p 8

[Article by B. Zaykauskas, deputy chairman of the Council of Ministers, chairman of the Gosplan of the Lithuanian SSR]

[Text] The Lithuanian economy is developing as a constituent part of the country's unified national economic complex. Thus it is taken into account that it does not have its own minerals but has highly skilled personnel and has reserves in nonmetal branches of machine building and the metal-processing industry. Therefore in the draft for the 12th Five-Year Plan especially high rates are earmarked for the production of computer equipment, electronics and instrument building. There will be further development of atomic energy and petroleum processing. At the Ignalinskaya AES it is planned to start up new energy aggregates, and at the Mazheyka Petroleum Processing Plant--a complex for deep processing of raw material.

The new five-year plan envisions efficient and economical expenditure of all kinds of material resources. A constituent part of it is the comprehensive target program developed in the republic entitled "Material-Intensiveness--90." It encompasses all branches of the republic's national economy.

We have accumulated a certain amount of experience in integrating science and production, coordinating scientific research and accelerating the introduction of innovations into production. We now attach special significance to interdepartmental scientific production complexes, which include all the necessary units of integration: scientific, scientific research and planning-design organizations and production associations and enterprises. Under the 12th Five-Year Plan we shall continue the course toward the development of production-experimental bases and design organizations at academic institutes of a technical profile. These are a mandatory binding link between science and production. Business ties between scientific research organizations and local soviets will become even stronger and through their joint efforts they will solve problems of comprehensive development of cities as well as interbranch problems.

Analysis shows that not all labor collectives, as it were, are facing up to technical progress yet. The introduction of a system of increments and rebates to prices for products that was introduced in 1986 seems important in this respect. But improvement of incentives and imposing stricter sanctions, in our opinion, must be continued, and finally it will be necessary to develop an economic mechanism whereby the greatest advantages will be granted to labor collectives which are successfully introducing new technical equipment.

A great deal here depends on the ministries and how they interact with the republic planning agencies. I shall give examples from our practice. Quite recently there were many complaints about the products of the Shyauliy Vayras bicycle and motor plant. The Ministry of the Automotive Industry with our participation developed a program of technical reequipment of the enterprise and as it was implemented things in the collective began to smooth out. And here is another example. The Ministry of the Chemical Industry did not promptly pay attention to our suggestions regarding the Kaunass Plant for Artificial Fiber and the once leading enterprise is now in a difficult economic situation: the demand for its products has dropped sharply. Therefore I wish to suggest in Section XIV of the Basic Directions where it says "to implement measures for improving the style and methods of work of the ministries and departments" to add the words: "including envision strengthening ties between them and local planning agencies when solving problems of the economic and social development of collectives of enterprises under their jurisdiction."

The 12th Five-Year Plan is to become a principally important stage in the development of the republic's agroindustrial complex: it is planned to increase the average annual volume of the gross agricultural output by 14-16 percent, that is, it will be necessary to no less than double the growth rates as compared to the preceding five-year plan. Additionally, the large increase in the harvest of grain and potatoes as well as animal husbandry products will be almost fully provided as a result of increasing the productivity of the fields and the livestock.

In the Lithuanian rural areas prerequisites have now been created for fulfilling the plans earmarked by the Food Program: along with production construction, increased energy availability and the solutions to other economic problems, a great deal of attention is being devoted to the social development of rural areas. All this has had an effect on the stabilization of rural personnel in the main occupations. Moreover, during the past five-year plan the number of workers in agriculture, including the youth, has not decreased but has grown.

Taking this circumstance into account we have developed and approved a program for housing and municipal construction in rural areas. In keeping with it, the network of vocational and technical training for personnel will be brought closer to the place of residence and production: by 1990 we will have created rural vocational and technical schools in almost all of the rayon centers of the republic.

I also wish to express certain considerations regarding further development of the system of planning and management.

We are speaking primarily about long-term stable normatives, which are the basis for drawing up drafts of plans in the labor collectives, for their evaluations of their own capabilities, and for putting reserves to work. Unfortunately, when developing the draft of the plan for the 12th Five-Year Plan the enterprises and associations operating under the new conditions of management did not have such normatives. As a result, the planning agencies had to use administrative "pressure" on establishing difficult assignments.

Additionally, one should think about improving the principles for calculating the normatives themselves and increasing their stimulating role when developing actually difficult plans. At the present time, all other conditions being equal, it is still convenient for the enterprise to have an "easy" plan so that it can then be overfulfilled: there is less risk and the result is the same. Apparently it would be expedient to make the entire system of incentives as dependent as possible on strict substantiation and fulfillment of the plan, and in this connection we should not, in our opinion, orient enterprises toward overfulfillment of plans with respect to volume indicators, with the exception of raw material branches.

Another issue concerns the introduction of the principle of self-financing. The fact is that at the present time enterprises working under the new conditions of management have two kinds of capital investments at their disposal: centralized, which are allotted by the state, and noncentralized, which are formed according to the production results. Equal conditions are envisioned for providing for both kinds of capital investments, and preference is even given to the latter.

But in practice only the centralized capital investments are made in full measure, and there is a serious danger that the noncentralized ones will be unjustifiably accumulated or utilized for something other than their immediate purpose. Now these capital investments remind one of common vessels: when there is an increase in noncentralized investments, as a rule, centralized investments decrease by approximately the same amount. And this is natural: capital investments cannot increase endlessly. But to a certain degree one loses the incentive "to earn" the noncentralized capital investments. Therefore it would be expedient, in our opinion, to develop experimentally a system of self-financing of enterprises and associations so that they will be able to dispose of only the noncentralized capital investments.

Having entered a new five-year plan, workers of Lithuania, like all Soviet people, have extensively developed competition in honor of the 27th CPSU Congress. Implementation of the program earmarked for the 12th Five-Year Plan will be a worthy contribution on the part of labor collectives of the republic to the country's economic and social development.

Steps Into Tomorrow

Moscow EKONOMICHESKAYA GAZETA in Russian No 6, Feb 86 p 7

[Article by A. Mutalibov, deputy chairman of the Council of Ministers, chairman of the Gosplan of the Azerbaijan SSR]

When the plan for 1986 was formed there was a stronger orientation toward intensification of production, updating of fixed capital and resource saving, which made it possible to envision, in addition to further acceleration of the rates of economic growth, an increase in the indicators of the effectiveness of public production. A large role here was played by the initiative of the labor collectives who discovered additional reserves for accelerating the development of production and increasing its effectiveness. Thus for the Ministry of the Petrochemical Industry in the republic the control figures earmarked an increase in the production volume of 8.7 percent, and the plan envisions an increase of 14.4 percent, for the Ministry of Light Industry--30.7 and 31.2 percent, respectively, and for the Ministry of the Construction Materials Industry--22.4 and 23.1 percent, respectively.

In 1986 the republic's national income will increase by 4 percent, and its energy-intensiveness will decrease by 3 percent and metal-intensiveness--by 2.7 percent.

I wish to note that at the present time in many branches of the republic's national economy and industry there is an unfavorable structure for the growth of fixed capital, and the technological structure of equipment, especially metal-processing equipment, is in need of radical improvement. In the petroleum-processing industry it is necessary to introduce progressive technical equipment and technology which provides for a higher coefficient of petroleum extraction and a reduction of the energy-intensiveness of production. We shall devote special attention to technical reequipment of petroleum machine building.

And on the whole in the next few years we intend to almost double the removal of obsolete equipment and, as a result of concentration of funds on technical reequipment, increase the rates of updating of fixed capital. In addition to this, taking into account the existing difficulty in providing the national economy with equipment, at the present time we are considering the question of modernizing and transferring obsolete equipment to auxiliary and repair subdivisions.

In keeping with the measures that have been undertaken for technical reconstruction of the republic's economy, in long-range plans we include difficult assignments for increasing the return from fixed capital and reducing the resource-intensiveness of the economy.

On the threshold of the 27th CPSU Congress a large amount of hard work is being done in the republic to search out reserves for intensifying the economy and increasing the effectiveness of the utilization of labor, material and financial resources. On the basis of scientific and technical progress, better utilization of the potential that has been created, increased labor productivity, and stronger discipline and order, the labor collectives of the republic have committed themselves in 1986 to provide for an increase in industrial production of 4.4 percent while the plan was for 4 percent. We shall produce 25 million rubles' worth of products for the population in excess of the plan. Successful fulfillment of the tasks and commitments that have been earmarked will make it possible to make a worthy contribution to strengthening the country's unified national economic complex.

Creative Search for Reserves

Moscow EKONOMICHESKAYA GAZETA in Russian No 6, Feb 86 p 8

[Article by M. Babayev, deputy chairman of the Council of Ministers, chairman of the Gosplan of the Tajik SSR]

[Text] The 11th Five-Year Plan has become an important new stage in the development of the economy of Tajikistan and in the improvement of the structure of the republic's national economic complex. Suffice it to say that more than 40 percent of the increase in industrial output was achieved in branches of heavy industry and the fuel and energy complex. The volume of industrial production increased by more than 20 percent during the five-year plan and labor productivity in the republic's industry increased by 17.4 percent.

But still we have many bottlenecks and unutilized capabilities. Unfortunately, we have not been able to reach the goals of the five-year plan in a number of areas of development of the economy. With a general overfulfillment of the plan certain enterprises, particularly those under the jurisdiction of the Ministry of Construction and the Ministry of the Cotton Industry in the republic, are not keeping up with their assignments for increasing product sales, increasing labor productivity or meeting contractual commitments for deliveries. The Tajik Aluminum Plant and the Tadzhikkhimprom Industrial Association were considerably behind schedule at the end of the five-year plan. An analysis shows that at enterprises that do not fulfill production assignments, as a rule, there is a lack of proper control on the part of the administration and the economic services over the fulfillment of assignments for the introduction of new technical equipment. As a result, for example, at the absolute majority of enterprises of the Ministry of the Construction Materials Industry, the Ministry of Construction and the Ministry of Water Management in the republic this indicator is being fulfilled by only 65-75 percent.

The labor collectives have now taken a course toward maximally putting to work all internal reserves and, on the basis of this, increasing production effectiveness. On the basis of scientific and technical progress persistent work is being conducted to radically improve the utilization of the large production and scientific-technical potential that has been created and to increase the return from fixed capital. In order to increase the volume of industrial and agricultural production under the 12th Five-Year Plan and while saving on resources to increase the rates of growth of labor productivity, we will have to eliminate shortcomings more actively and master new methods of management more rapidly.

In this connection we have turned to the labor collectives and along with them have found reserves for increasing the volumes of production under the 12th Five-Year Plan and in the initial year of it.

The plan for 1986 envisions increasing the production of electric energy by 4.5 percent, aluminum--by 13 percent, products of the chemical industry--by 25

percent, and products of machine building and the electrical equipment industry--by 7 percent. The output of consumer goods will increase by 10.2 percent.

The pivotal point for all of our work will be the comprehensive program for the development and technical reequipment of existing enterprises and associations during 1986 and the five-year plan as a whole. The proportion of funds used for these purposes will increase to 44 percent. The task will be set to reach the modern technical level with respect to all the basic items.

In the draft of the plan primary significance is attached to crucial social problems that have been brought about by the high rate of increase in the republic's population. In this connection a complex of measures have been earmarked for efficient utilization of labor resources and more complete enlistment of the able-bodied population into public production. The solution to this problem is determined largely by an efficient combination of large, medium-sized and small enterprises, taking into account the specific features and the patterns in the development of systems of population settlement. We are developing the concrete areas for the creation of labor-intensive productions and new jobs in conjunction with the USSR Gosplan.

The volumes of production and procurements of agricultural products increased under the 11th Five-Year Plan. The plan and socialist commitments for 1985 were fulfilled for the sale of raw cotton to the state. The assignment of the five-year plan for the delivery of fruit and vegetable and certain other products to the unionwide fund was covered. But an analysis of the work that has been done shows that there are essential reserves and unsolved problems here. We have not managed to fulfill the assignments of the five-year plan with respect to the growth rates of the gross agricultural output.

The efforts of all party, soviet and agricultural agencies as well as all workers of the agroindustrial complex are now being directed toward the elimination of these problems. In keeping with the draft of the five-year plan, as early as 1986 it is intended to significantly increase the production of vegetable and melon crops, potatoes and feeds. The volume of the gross agricultural output will increase by 4.5 percent. We intend to reach the earmarked goals through increasing the return from each irrigated hectare and increasing the productivity of cattle and poultry.

One of the most important tasks facing the republic's agriculture under the 12th Five-Year Plan is extensive development of grape growing and orchard growing on nonirrigated land. Proposals regarding this issue have been submitted to the USSR Gosplan. The unique natural and climatic conditions of the zone for nonirrigation farming in the Tajik SSR are optimal for the production of fruits and grapes without creating an irrigation system and using the accumulation of moisture.

The economic advantages here are obvious. This direction of development holds also the possibility of enlisting significant labor resources from rural areas into public production. Therefore the draft of the Basic Directions, in our opinion, in the section which speaks about expanding the planting of orchards and vineyards, it is necessary to insert the addition: "to create in

Tajikistan a union base for producing fruits and grapes, dried fruits and raisins on the basis of the development of nonirrigation orchard and vineyard growing. The work should be started under the 12th Five-Year Plan.

Time Makes Demands

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27 June 1986

Moscow EKONOMICHESKAYA GAZETA in Russian No 7, Feb 86 p 6

[Article by S. Begaliyev, deputy chairman of the Council of Ministers, chairman of the Gosplan of the Kirgiz SSR]

[Text] Under the 11th Five-Year Plan Kirgizian industry increased the output of products of the highest quality category 1.8-fold and in recent years it has surpassed the unionwide indicator for the proportion of these. This is evidence of the large amount of work that is being done in the republic to improve the quality of products that are produced.

Almost all of the rectification aggregates of the Bystrovskiy Electrical Equipment Plant, up to 90 percent of the products of the Kadamzhaysk Antimony Combine, about 80 percent of the hay-harvesting equipment of the Plant imeni Frunze and the electric pumps of the Osh Pump Plant, and 72 percent of the products from the Kirgizkabel Plant are now being manufactured with the State Emblem of Quality.

The development of the republic's national economy under the 12th Five-Year Plan is based on a significant increase in intensification and a rise in the technical level of production as a result of the application of more progressive technologies, mechanization and automation of production processes, higher labor productivity and a reduction of the proportion of manual labor, and savings on all kinds of resources.

At the present time the republic is developing a comprehensive program entitled "Intensification-90." It will raise to a new level the work that has already been done under the 11th Five-Year Plan. The implementation of the program will make it possible to release about 40 percent of the workers employed in manual labor and to transfer them to mechanized and automated work. On the whole the proportion of manual labor in the national economy will decrease from 54 to 30-32 percent during the 5 years. The implementation of target programs for the creation and introduction into the national economy of robot-manipulators, for the utilization of solar energy in the national economy, and others will also contribute to accelerating the mechanization of labor and economizing on fuel resources.

But we cannot but admit that the scale of work for reequipping and raising the technical level of production which is being done by certain ministries, departments and enterprises still does not meet modern requirements. This could pertain solely to the Ministry of the Food Industry and Ministry of Local Industry in the republic as well as to the Kirgizavtomash, Kirgiztorgmash and other associations. High-quality products are being assimilated and modernization of the items that are produced is being carried out at slow rates by the electric vacuum machine building plants and Kirgizelektrodvigatel and also enterprises of the Ministry of the Construction

Materials Industry. Unfortunately there are still many cases where the enterprises of the Ministry of Light Industry produce goods for which there is no demand from the population and they remain in the warehouses. Here one can name the products of the Osh Silk Combine and the Kirgiz Worsted Combine.

For intensification of the national economy it is necessary to improve the control of scientific and technical progress. In this connection, in our opinion, it would be expedient for the USSR State Committee for Science and Technology in conjunction with the Gosplan to develop a unified coordinated set of methods for planning and accounting for the entire complex of measures for scientific and technical progress, including calculation of the effectiveness from the introduction of the achievements of science and technology on the territory of the union republic. Here one should establish that technical innovations, progressive technology and technical equipment should be designed promptly and be included in the plan so that they provide for a maximum effect and the given socioeconomic result.

Under the 12th Five-Year Plan the economy and culture of Kirgizia will rise to a new level.

The draft of the Basic Directions envisions increasing the volume of industrial production by 21-24 percent. Development will be accelerated in branches that determine scientific and technical progress. The Tash-Kumyrskaya and the Shamaldi-Sayskaya GES's and capacities at the Frunzenskaya TETs-2 and the Plant for Semiconductor Materials will go into operation and work will be started to construct the Kambaratinskiye GES's and the Sary-Dzhazskiy Ore-Enriching Combine, and construction will be completed on the Kirgiz Gold Ore Combine.

The republic's national economy will develop at high rates in the first year of the 12th Five-Year Plan. Labor collectives' initiative has made it possible to adopt more difficult assignments for 1986 compared to the initial draft of the plan. The increase in the republic's national income will amount to 4 percent compared to 3.8 percent according to the draft of the plan, and the volume of industrial production will increase 4 percent from 3.5 percent.

The average annual volume of gross agricultural output is to be increased by 13-15 percent, the production of meat in slaughtered weight is to increase by 1990 to 220,000-230,000 tons, milk--to 850,000-860,000 tons, and wool--to 40,000 tons.

Kirgizia specializes in the production of animal husbandry products, tobacco, sugar beet seeds and alfalfa seeds. Its contribution is especially appreciable in the development of sheep raising. There are more than 10 million sheep and goats in the republic today and the herd is basically sheep with fine and semifine wool. Under the 11th Five-Year Plan the average annual production of mutton increased by 4.2 percent, and wool--by 7.2 percent.

But the successes in the development of sheep raising could have been greater. The fact is that further development of the branch is being held up because of the low provision of animal feed. The ever growing load on the pastures has led to a considerable reduction of their productivity. There is now a

persistent need to solve problems of comprehensive improvement of the pastures, and we are planning to do this work on a large scale.

The workers of Soviet Kirgizia enthusiastically entered into the socialist competition for successful fulfillment of the assignments of the first year of the 12th Five-Year Plan and a worthy greeting for the 27th CPSU Congress. The labor collectives of the republic are striving to make a weighty contribution to the implementation of the course earmarked by the party toward acceleration of socioeconomic development.

Strategy of Acceleration Outlined

Moscow EKONOMICHESKAYA GAZETA in Russian No 7, Feb 86 p 7

[Article by G. Sagoyan, deputy chairman of the Council of Ministers, chairman of the Gosplan of the Armenian SSR]

[Text] During the years of the 11th Five-Year Plan the Armenian SSR made significant progress in all areas of economic and social development. The volume of industrial production increased by 33.2 percent during the 5 years while the assignment of the five-year plan was for 30 percent. The republic's industry fulfilled the assignment of the five-year plan with respect to the growth rates of the volume of industrial production and labor productivity ahead of schedule, on 13 December 1985. More than 670 million rubles' worth of products were produced in excess of the plan.

Large structural changes have taken place in the composition of the branches of material production. We have further developed or created from the beginning the radioelectronic industry, precision machine tool building, the medical and microbiology industry, and the production of artificial diamonds. The development of the republic's fuel and energy complex was directed toward expanding the energy base, which made it possible to fully satisfy the needs of the national economy and the population for electric energy.

The production volume of products of machine building, one of the leading branches in the republic's industry, increased 1.7-fold under the 11th Five-Year Plan and its proportion in industry in 1985 reached 30.4 percent. Production was assimilated and series output started for more than 170 kinds of new machines, equipment, apparatus, instruments and cable products.

Large measures were carried out for strengthening the material and technical base of agriculture, further changing animal husbandry over to an industrial basis, extensively reclaiming land, and improving the utilization of land resources. All this made it possible to provide for an increase in the average annual volume of gross output from agriculture during the years of the five-year plan of 13.8 percent.

The republic's scientific potential has increased significantly. The volume of fundamental research has increased and many results of scientific developments have been applied in practice in branches of the national economy. Work is being continued on 53 target comprehensive scientific and technical programs.

For a correct determination of the future tasks for the development of the republic's economy, of course, we must see not only the achievements, but also the shortcomings which impede our forward movement. And there are still many of them. A number of ministries, associations, enterprises and organizations are not fulfilling their planning assignments, especially for increasing the effectiveness of production, and they are not fully carrying out the assignments for economizing on material, labor and fuel and energy resources. Industry is slow in solving problems associated with a radical restructuring of the work for producing high-quality products in a large assortment which satisfies the demand of the consumers, and work is not being done effectively enough for increasing the output of consumer goods and improving their commercial appearance.

Steady, aggressive development of the national economy and at the same time more and more complete satisfaction of the continuously growing material and spiritual needs of the population are to be provided for through steady increase in the effectiveness of public production. During the period of 1986-2000 labor productivity in the national economy will increase 1.7-fold and in industry--more than 1.5-fold.

During the 15 years the national income will increase 2.1-fold, including during the years of the 12th Five-Year Plan--by 24.6 percent. This result should be achieved on the basis of further progress of the branches of material production.

The volume of industrial production is to double by the year 2000. It should be noted that accelerated development of machine building will proceed in the direction of creating object specialized productions for producing a specific final product and there will be more rapid development of the more productive subbranches--radiotechnical, electronic, instrument building, precision machine tool building, and also improvement of metallurgical productions and productions of products for general machine-building purposes.

A typical feature of the future period is the orientation toward maximum savings on material resources. It is intended to consistently reduce the consumption of energy resources per ruble of gross social product and to use less rolled ferrous metals per unit of construction and installation work and machine-building products. While in 1985 each percentage point of reduction of the material-intensiveness of the social product increased the national income by approximately 62 million rubles, by the year 2000 this figure should be 106 million rubles.

The most important task in future plans will be a considerable improvement of the supply of the population with food and also industrial consumer goods. We envision sharply increasing the production of those kinds of agricultural products of which there is a shortage today--mainly meat and other animal husbandry products.

In keeping with the growing and rapidly changing demand of the population, we have earmarked accelerated development of light industry and industries for producing goods for cultural-domestic and household use.

27 June 1986

The wide-ranging social program for the future period envisions further growth of the incomes of the workers. The real per capita income will increase 1.6-fold during 1986-2000, including by 15.9 percent under the 12th Five-Year Plan. The increase will be provided mainly through increasing wages and expanding public consumption funds.

On the eve of a historic event in the life of the Soviet people--the 26th CPSU Congress--the press published the socialist commitments of the workers of Armenia for 1986, the first year of the 12th Five-Year Plan. The collectives of enterprises of industry and transportation, kolkhozes and sovkhozes, construction projects and the sphere of services committed themselves not only to fulfilling, but also to overfulfilling the assignments of the State Plan for 1986 and celebrating the 27th CPSU Congress with new labor achievements.

Foreseeing Future

Moscow EKONOMICHESKAYA GAZETA in Russian No 9, Feb 86 p 5

[Article by N. Maslennikov, deputy chairman of the Council of Ministers, chairman of the Gosplan of the RSFSR]

[Text] The Russian Federation, like all the rest of our country, is solving responsible problems for the acceleration of socioeconomic development. At the center of our work is intensification of the economy and acceleration of scientific and technical progress, improvement of management and planning, and increased organization, discipline and order.

The RSFSR is making a worthy contribution to the economic potential of our homeland. Under the 11th Five-Year Plan the volume of industrial production increased, with more rapid development of branches that determine technical progress to the greatest degree: the machine-building, gas, chemical and petrochemical industries. Special attention was devoted to electric energy, to improvement of its structure and to improvement of its distribution throughout the territory of the republic. The powerful energy base that was created as a result provides for an annual output of electric energy of more than 960 billion kilowatt-hours. Atomic energy stations were given priority development.

Workers of the branches of the agroindustrial complex made a weighty contribution to the implementation of the Food Program. The annual plan for procurements of the main kinds of animal husbandry products was fulfilled.

All kinds of transportation and communications were further developed. The construction of the main railroad was completed ahead of schedule and train traffic began throughout the entire length of the Baykal-Amur Mainline, whose significance for the development of productive forces in the eastern part of the country is difficult to overestimate.

The achievements in economic construction, the increased growth rates of the national income and its distribution in the interests of the workers have made it possible under the 11th Five-Year Plan to carry out a broad program of

social development and to provide for a steady rise of the standard of living of the people.

The positive strides under the past five-year plan have been linked to the beginning of the restructuring of our economy. At the same time we understand that we have taken only the first steps and laid the basis for the difficult work of implementing the tasks earmarked by the April (1985) Plenum of the CPSU Central Committee. A distinguishing feature of the forthcoming period is the increase in the rates of development of the national economy, acceleration of scientific and technical progress, orientation toward a practical changeover to intensive methods of management and improvement of the structure of the economy.

We have very many unutilized reserves for improving our work. In the work of enterprises, organizations and ministries there is still a certain amount of slowness in realizing the party points concerning the changeover of the economy to the path of intensive development on the basis of acceleration of scientific and technical progress. Thus the plan for the development of science and technology for the business under the jurisdiction of the RSFSR Council of Ministers was fulfilled by only 96 percent in terms of the number of assignments and by 98 percent in terms of the overall volume of work. Among those lagging behind were the Ministry of Construction Materials Industry, the Ministry of the Textile Industry, the Ministry of Light Industry, the Ministry of the River Fleet and the Ministry of Highway Construction. The republic also has significant reserves for increasing labor productivity. The plan for increasing labor productivity in industry was not fulfilled in 1985 by the RSFSR Ministry of the Construction Materials Industry, the RSFSR Ministry of Light Industry, the RSFSR Ministry of the Textile Industry and the RSFSR Ministry of the Fuel Industry. Losses of working time at enterprises were great and the work for improving norm-setting for labor is being carried out slowly. Individual ministries and departments of the RSFSR, the councils of ministers of autonomous republics and ispolkoms of soviets of people's deputies have not fulfilled their assignments for economizing on fuel, electric and thermal energy, metal and other material resources.

A number of enterprises are continuing to produce low-quality products of outdated models. This pertains to many enterprises of the RSFSR Ministry of Light Industry, the RSFSR Ministry of the Textile Industry and the RSFSR Ministry of Local Industry, where the quality of products is not only not improving but, on the contrary, technological discipline is deteriorating and the requirements set by the standards are not being met.

The possibilities opened up by extensive dissemination of new methods of management for intensification and technical improvement of production as well as all-around economizing on resources are not being sufficiently utilized yet.

The efforts of republic agencies are now being directed toward higher rates of intensification of all branches of the national economy, the achievement in the near future of a radical change in the improvement of product quality, and further improvement of the economic mechanism and the entire system of

management. In resolving all of these issues, including issues of improving planning, no small role will be played by local soviets of people's deputies and planning agencies of the republic.

Difficult volumes and rates of the development of the RSFSR economy are envisioned in the draft of the Basic Directions, and a large amount of organizational work will be required to realize them in the republic as a whole and in individual ministries.

The production of the industrial output will increase by 20-23 percent with accelerated development of machine building and the gas, chemical and microbiology industry. The increase in the average annual volume of the gross agricultural product is planned at 13-15 percent. Special significance is attached to the development of the agroindustrial complex in the Nonchernozem Zone of the RSFSR.

Scientific and technical progress under the 12th Five-Year Plan should provide for a radical updating of the material and technical base for branches of the national economy. We plan to considerably increase the proportion of funds allotted for these purposes in the overall volume of industrial capital investments. We intend to conduct technical reequipment on the basis of the introduction of new technical equipment and technology, comprehensive automation and extensive utilization of computer equipment. Measures are being developed for practical implementation of the course that has been adopted toward economizing on resources so as to satisfy 75-80 percent of the increase in the needs of the republic's national economy for fuel, raw materials and processed materials through economizing on them and to radically improve the utilization of secondary resources.

The implementation of measures for improving the designs of machines and equipment, introducing resource-saving technology, and applying economical kinds of metal products, and also the implementation of progressive structural changes in the plan for the production of machine building and metal-processing products will make it possible under the current five-year plan at enterprises of the republic ministries and departments alone to save more than 300,000 tons of rolled ferrous metals, 9,000 tons of nonferrous metals, 25,000 tons of steel pipes, and 50,000 tons of castings from ferrous metals.

The RSFSR accounts for 62 percent of the scientific research and experimental design work conducted in the USSR. The extensive representation of academic, VUZ and branch science is a peculiarity of the scientific potential of the Russian Federation. The existence of a powerful scientific potential has made it possible to develop the Comprehensive Program for the Scientific and Technical Progress of the RSFSR During 1986-2005, the materials for which have been utilized extensively, particularly when preparing proposals for the draft of the Basic Directions for the Economic and Social Development of the USSR During 1986-1990 and the Period Up to the Year 2000. The republic's existing potential presupposes active participation in the solution to scientific-technical, economic and social problems and also the problems facing the country's national economy.

In the future it would be necessary to implement large measures for further improvement of the distribution of productive forces and an efficient combination of economic and social development in each economic rayon, autonomous republic, kray and oblast. The further formation of the Timano-Pechora, Western Siberian, Kansk-Achinsk, southern Yakutsk and Sayan territorial production complexes and the one in the zone of the Kursk Magnetic Anomaly and more complete utilization of the minerals of the Kola Peninsula which have been earmarked for the 12th Five-Year Plan are of great significance for acceleration of the development of the economy in the Russian Federation.

The economic assimilation of the zone of the Baykal-Amur Railroad Line will be carried out in keeping with the special-purpose comprehensive program intended for the period up to the year 2000. The natural resources of the North will continue to be brought into economic circulation.

In keeping with the draft of the Basic Directions, important tasks will have be carried out for raising the scientific level of planning. The republic's planning agencies are called upon to develop and implement the necessary measures for strengthening the interconnection between long-range production, future and current planning, and to improve the planning of the comprehensive economic and social development of the territories. Of special significance for the RSFSR will be the implementation of the task set for improving the planning of the economies of large economic regions and territorial production complexes.

Under the 12th Five-Year Plan and the period up to the year 2000 it is intended to carry out a broad program for further improving the public well-being on the basis of acceleration of scientific development and increased effectiveness of public production. This takes into account not only a higher level of consumption of food and nonfood products and paid services, but also improvement of the quality of social-cultural services, especially in rural areas and eastern regions.

For purposes of more complete satisfaction of the population's demand for goods and services, a comprehensive program for the development of the production of consumer goods and the sphere of services in the RSFSR during 1986-2000 has been approved. It envisions increasing the production of nonfood commodities by 23 percent under the 12th Five-Year Plan, and 1.7-fold before the year 2000. The implementation of the program will make it possible to raise the production of consumer goods and the sphere of services to a qualitatively new level and more fully satisfy the diverse needs of the Soviet people.

In greeting the 27th CPSU Congress with new labor achievements, workers of the Russian Federation are filled with resolve to achieve further successes in the economic development of the republic under the 12th Five-Year Plan.

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INVESTMENT, PRICES, BUDGET, AND FINANCE

CURRENT CAPITAL ACCUMULATION TRENDS EXAMINED

Moscow PLANOVOYE KHOZYAYSTVO in Russian No 3, Mar 86 pp 17-28

[Article by Doctor of Economic Sciences B. Plyshevskiy: "Planning Theory and Methodology: Modern Socialist Accumulation"; for translations of previous discussions of this topic see JPRS-UEA-84-003, 10 Feb 84 pp 1-9; JPRS-UEA-84-017, 3 Aug 84 pp 14-26; JPRS-UEA-85-024, 27 Jun 85 pp 119-130; JPRS-UEA-85-025, 2 Jul 85 pp 46-57; passages in all capital letters in boldface in original; first paragraph is PLANOVOYE KHOZYAYSTVO introduction]

[Text] A turning point in the trend ** The experience of the 1970s and the beginning of the 1980s demonstrated that a decrease in the share of accumulation in national income cannot be considered normal ** The proposition that the lower the accumulation fund, the higher efficiency is, was not justified.

The question of accumulation and its interconnection with the rates and proportions of economic development and its correlation with demand is a central one in the theory of expanded socialist reproduction. The entry of the economy into a period of mature socialism has confirmed the correctness of the tenets formulated by Marxist-Leninist economic theory on the effect of accumulation on the rate of production growth and popular consumption and the relative contradiction of the dynamics of these processes over a limited period and their coincidence over the longer term. The necessity of achieving the optimal correlation between accumulation and consumption, formulated by the party with the composition of the very first five-year plan, is currently fully preserved as a fundamental principle of economic policy. At the same time, many features of the action of the law of modern socialist accumulation, caused by the transition of the economy onto the path of intensification and

*-With the publication of this article the editors complete the discussion of problems in accumulation and trends in the movement of its share of national income (see V. Medvedev, "The Question of Economic Balance," 1983, No 9; V. Kirichenko, "Some Features of the Modern Stage of the Intensification of Production," 1983, No 12; G. Sorokin, "Accumulation in the Socialist Production System," 1984, No 5; T. Khachaturov, "The Efficiency of Social Production," 1985, No 2; V. Krasovskiy, L. Fridman, "Accumulation and Technical Progress in the Economy of the USSR," No 3 et al.

by several specific traits in the development of Soviet economics over recent five-year plans, have been discovered.

The new versions of the CPSU Program and the Fundamental Areas of Economic and Social Development of the USSR in the Years 1986-90 and for the Period to the Year 2000 adopted by the 27th Congress, in which are laid out the modern economic strategy of the party, have introduced important changes in the substance and methods of implementing economic policy and touch on the approach to planning the proportions of accumulation and consumption. Party program documents have placed before economic science and planning theory the task of investigating the correctness of certain tenets expressed earlier in scientific literature on the laws of the development of modern accumulation and consumption and to analyze more deeply the factors that have an effect on their correlation over recent five-year plans. The production of clear presentations on these questions should be assisted by an expansion of the scientific conception of the prospects of the Soviet economy and an increase in the efficiency of planning administration.

In a review of modern problems in accumulation, attention is directed first and foremost toward the reduction of its proportionate share of the national income. Thus, in comparable prices, the share of the accumulation fund in national income usable for consumption and accumulation was 28 percent in the 8th Five-Year Plan, 27.7 percent in the 9th, 26.1 percent in the 10th and 25.4 percent the years 1981-84 (in prevailing prices, 26.3, 29.5, 23.9 and 25.9 percent respectively), that is, a sharp decrease is noted in the 10th Five-Year Plan.

Indices of the physical volume of national income, as for the production of individual sectors, are calculated on the basis of comparable prices for a given year. This makes it possible to exclude the effect of price changes on the dynamics of the indicators reviewed. Calculations of the growth of national income and its component parts in comparable prices is more distinctly demonstrated by shifts in the pattern of its utilization (Table 1).

Table 1

	1966-70 as a % of 1961-65	1971-75 as a % of 1966-70	1976-80 as a % of 1971-75	1981-84 as a % of 1976-80
Usable national income	139	134	124	116
including:				
consumption	131	134	127	117
accumulation and other				
expenditures	142	133	117	113

For a long time--during industrialization, the pre-war five-year plans and for a large part of the postwar period--the share of accumulation in the national income was increasing. The change in proportion between accumulation and consumption in favor of the latter is a new feature of the proportionality under conditions of mature socialism. It is necessary to elaborate, however, specifically what caused this process and to what extent it is aided by the laws of intensification. It is important to establish, in particular, how much of a reduction in the accumulation share of national income is rightfully considered a chief and decisive manifestation of the law of modern socialist accumulation.

A certain conception has become widespread in economic literature. It is based on the following conclusions: strengthening the orientation of production development to raise the living standard of the population and advancing tasks associated with the growth of popular welfare and the fuller satisfaction of the needs of the population to the center of party economic policy; creating sufficiently powerful productive potential; constricting extensive factors in production development and increasing the predominance of factors of intensification--scientific and technical progress, conservation of material resources and labor expenditures, improving the structure of production and administration, and other controls for raising efficiency.

All of these arguments merit attention from the point of view of their theoretical grounding and the practical confirmation of the corresponding conclusions. But in a more careful analysis it turns out that the indicated processes are not reflective of many modern conditions of economic development.

STRENGTHENING THE ORIENTATION OF PRODUCTION DEVELOPMENT FOR GROWTH IN CONSUMPTION is a most important general feature of expanded reproduction in a mature socialist society. One increment of this effect is a reduction in the share of accumulation. According to our calculations, the consumption fund increased an additional 7 billion rubles in the 10th Five-Year Plan due to this, which generated approximately one tenth of the total of its increase (and the real income of the population). In 1981-84, the reduction of the proportionate share of the accumulation fund added 3.5 billion additional rubles to the consumption fund--approximately 7 percent of its increase over this period.

But the reduction in the share of accumulation was not and cannot be a conclusive or long-term source of growth for the consumption fund. An increase in the living standard of the population is always caused to a certain extent by growth in the amount of national income. This conclusion of the theory of reproduction relates to all periods in the development of socialist economics. It is also fully applicable to the modern stage. Take, by way of example, the 10th Five-Year Plan, when the structural factor caused such a considerable increase in the consumption fund. Had the growth rate of national income in 1976-80 remained at roughly the level of the 9th Five-Year Plan (as was projected in the five-year plan), then in 1980 the consumption fund would have exceeded the amount actually obtained by no less than 17 billion rubles (in 1973 prices) even if its share had remained at the 1975 level. The slowing of the growth rate of national income in the 11th Five-

Year Plan reduced the possible amount of the consumption fund in 1984 by almost 12 billion rubles.

A simple calculation shows that the change in the growth of national income over the two most recent five-year plans had an effect on the size of the consumption fund 2.5-3 times greater than the reduction in the proportionate share of the accumulation fund. The latter is only partially compensated for by the nonfulfillment of the national income production targets. The data obtained confirm the thesis, advanced in the works of S. G. Strumilin, V. S. Nemchinov and A. I. Notkin, that a reduction in the share of accumulation with a constant or diminishing growth rate of national income is already leading to a reduction in the possible size of consumption over the five-year plan alone. Maximization of consumption over the short term is achieved not with a reduction of the share of accumulation, but rather with its increase (up to certain limits). This is answered by the increase of a certain extent in the proportionate share of the accumulation fund in national income that is projected in the Fundamental Areas for the 12th Five-Year Plan.

In the preparation of the new version of the CPSU Program, it was deemed expedient to refrain from individual fixed positions of economic policy, including from the directives passed over the last 15 years for reducing the share of the accumulation fund in national income. Characteristic in this regard is a change in the formulation of the chief task of the 12th Five-Year Plan. Beginning with the 9th Five-Year Plan, in determining the chief tasks of the regular five-year plans, an increase in the living standard of the population stood in the first place, and technical progress, intensification and efficiency were seen as ways of achieving it. In the large-scale political and economic plan for the whole foreseeable period of improvement in the socialist society in the country, the indicated interconnection is undoubtedly preserved. But in the near term, questions that were until now qualified as means of achieving the higher aim have been submitted once again as the chief task of the five-year plan.

This approach more precisely reflects the practical orientation of party economic strategy under the specific conditions of the 12th Five-Year Plan, for the mobilization of the reserves of scientific and technical progress is a decisive source of acceleration in the socio-economic development of the country and the steady raising of the living standard of the population. It must be stressed that an acceleration of the growth of the real income of the population is projected in the upcoming five-year plan, whereas over the preceding three a deceleration occurred.

The party's strategic policy of accelerating national socio-economic development is formulated on the basis of the detailed analysis, and all-round discussion of the problems that have arisen in the economy and the causes of difficulties and shortcomings, that arose at meetings of the CPSU Central Committee with economic managers, specialists, workers and scientists and at a session on questions of scientific and technical progress. The conclusions drawn were included in concentrated form in the documents presented to the congress for review, and in the course of pre-congress discussion they received the approval and support of the whole party and the whole Soviet people.

It should be noted that over the course of the preceding period, aside from the growing social purposefulness of production, there were also other reasons, primarily of a practical nature, that determined the line of the five-year plans for a reduction in the share of accumulation. Thus, in the 1970s and 1980s, the monetary income of the population surpassed the production of consumer goods and trade resources.

As follows from calculations based on the data in Table 2, the wage fund grew by 28 percent in the 10th Five-Year Plan, with an increase in industry group "B" production of 21 percent and of retail sales turnover of 24 percent (in comparable prices). During the composition of the 10th Five-Year Plan and its fulfillment, the task of mobilizing additional sources for increasing the consumption fund was being resolved, which sources were of a comparatively short-term nature. A similar situation was preserved in the 11th Five-Year Plan. In 1981-84, sales turnover in comparable prices increased by less than 12 percent, whereas the wage fund grew by 16 percent.

Table 2
(as a % of 1970)

	1975	1980	1984
Production of consumer articles			
in industry	137	165	192
Wage fund in the economy	135	173	196
Wages to kolkhoz workers in			
public-sector kolkhozes	111	127	151
Retail sales turnover of state			
and cooperative trade:			
in actual prevailing prices	135	174	204
in comparable prices	136	169	189

From the point of view of searching out additional resources of goods, the possibilities for limiting capital investment in order to expand the resources of sales turnover and the consumption fund were also considered. The effect of this process on increasing them overall, however, remained limited. As will be shown below, they also had no appreciable effect on increasing the efficiency of capital investment.

In this manner, a reduction in the share of accumulation in national income is reflects, along with the effect of an objective factor--the reconstruction of the structure of socialist production and its increased orientation toward raising popular welfare--the influence of specific conditions. It was considerable, but in the system of theoretical arguments, as a rule, it was not taken into account or was underestimated. The resultant explanation of the tendencies and conformities of changes in the proportions of accumulation and consumption in a mature socialist society was therefore rather oversimplified and engendered representations of the possibility of a long-term

reduction in the accumulation fund without losses in the growth rates of production and the consumption fund.

This theoretical proposition was not confirmed. The experience of the 1970s and the beginning of the 1980s demonstrated that a decrease of the share of the accumulation fund in national income cannot be considered a general feature arising from the strengthening of the social purposefulness of the development of production. The practical possibility of discussing the question of the accessibility of steady demand growth with a reduction in the share of the accumulation fund, in our opinion, appears when the necessary turning point is in fact provided for in economic intensification and a more solid base is laid for the subsequent acceleration of scientific and technical progress in all industries.

That written above on the interconnection of the general features and specific causes of changes in the share of the accumulation fund in national income also relates to the effect on the rate and scope of the accumulation of ESTABLISHED PRODUCTIVE POTENTIAL.

The practice of recent five-year plans has revealed that the inordinate acceleration of construction on the initiative of ministries and the unjustified overexpansion of its front caused a slowdown in the turnover of capital investment, a prolongation of construction times and an increase in the amount of incomplete work. In the interests of strengthening the balance and raising the efficiency of capital investment, it was deemed expedient to limit its growth somewhat, bringing it into accordance with the dynamics of national income. In the 9th Five-Year Plan, the growth rate of capital investment slowed and became noticeably closer to the growth rate of national income; in the 10th Five-Year Plan, the same rate of growth, and in the 11th, a more rapid increase in national income with regard to capital investment, was projected. It is assumed here that the consequences of its reduced growth rate will be exceeded by the improvement in the utilization of existing productive potential.

The presence of powerful productive potential in a mature socialist society actually decreases the need for capital investment for the creation of new enterprises. The necessity of new construction, however, cannot be completely ruled out, insofar as the need for major expenditures for the creation of new sectors and industries, and the realization of the achievements of science and technology in production, remains. It must be kept in mind that under modern conditions, capital investment in the producing and raw-material sectors is ever-increasing due to the inclusion of poorer stocks of useful mineral resources in economic circulation, the expansion of mining developments and the assimilation of distant deposits. Along with the increase in the level of industrial development, expenditures on protecting the environment and improving the living conditions of man also grow objectively.

A large amount and high technical level of production potential reduces the economic need for the accumulation of productive funds in three areas: by reducing proportionate capital investment as a consequence of the application of more efficient scientific and technical solutions in production and capital construction than would be possible at a lower level of industrial

development; by increasing the share of expenditures in the composition of capital investment for reimbursing fixed capital that has been withdrawn and conducting this replacement with smaller expenditures than those for new construction; by increasing the return on established productive potential thanks to its better utilization and the application of progressive forms of production organization.

Along with this, there existed growth factors for the share of productive accumulation in the period under review. As a consequence of the working off of the earlier-utilized deposits of useful minerals in the European part of the country and the Urals, expenditures on maintaining the achieved production volumes of many types of fuels and raw materials increased. The proportionate share of capital investment intended for the expanded reproduction of fixed capital for maintaining the simple reproduction of output in the producing sectors increased, since this takes place with the growth of fixed capital at deposits that have reached a high or declining volume of mineral resource production (for example, oil and gas from the Volga region and Azerbaijan and the like).

The economic need for productive capital investment also grew due to structural changes caused by an increase in expenditures in the more capital-intensive sectors. The proportionate share of capital investment in agricultural development for the whole complex of operations increased from 20 percent in the 7th Five-Year Plan to 27 percent in the 10th and 11th Five-Year Plans. In industry, more than a third of capital investment was directed toward the fuel and power complex sectors. The incomplete utilization of reserves for increasing the return on productive potential also has an effect on increasing the economic need for capital investment. From 1966 to 1984, the production of national income per 1 ruble of fixed productive capital decreased by 37 percent. Over the last decade, the average return on investment in the economy declined by 3 percent a year.

In a specific analysis of the problems of accumulation, it is important, moreover, to keep in mind the weakening of the balance in the area of investment itself. The slowdown in the growth of capital investment reflected the increased difficulties in its material supply in the given period. The increase in deliveries of rolled ferrous metal and a number of other structural materials to construction declined. The disparity between the amount of capital investment and the capacity of construction and installation organizations increased, especially, in a territorial context, in the regions where new construction is concentrated. Thus, the increase in the production of prepared rolled ferrous metal declined from 18-19 million tons per five-year plan in the 1960s to 4-5 million tons in the 10th and 11th Five-Year Plans. At the beginning of the 11th Five-Year Plan, a reduction in the output of rolled ferrous metal was permitted which made the supplying of the need for it in machine building and construction more difficult.

In recent years, the growth rate of construction and installation work has slowed. While in the 9th Five-Year Plan its total volume increased by one third, it increased by a total of 5 percent in the 10th and by 9 percent in the years 1981-84. To an even greater extent, this process affected subcontractor work, which had practically stabilized in the middle of the 9th

Five-Year Plan and had decreased in individual years. Consequently, the effect of a number of features specific to the period under review, along with the general features of intensification, was also manifested in the area of fixed capital reproduction.

At the party June (1985) Central Committee conference on questions of accelerating scientific and technical progress, a deep analysis was made of the contradictions of reproduction caused by serious shortcomings in work on increasing the technical level of the economy. We will note some of these that relate to the topic under review.

The replacement and substitution of fixed capital in the economy and industry slowed. The proportion of new fixed capital placed in operation in recent five-year plans (for the 11th--1981-84) compared to the total volume declined from 37 percent in 1975 to 34 percent in 1980 and 29 percent in 1984, including in industry from 40 percent to 36 percent and 28 percent. The replacement of fixed capital, as well as the writing off of obsolete machinery, equipment, buildings and structures, began to be implemented more slowly. The ratio of withdrawal to the amount of fixed capital declined from 2.1 percent in 1965 to 1.8 percent in 1970, 1.6 percent in 1975 and 1.3 percent in 1984, or by more than one third. The aging of production apparatus increased, and in a number of sectors assets became obsolete and the service lives of many of their elements exceeded standards. As a consequence of this, expenditures for capital repair increased and in some sectors, for example ferrous metallurgy, were equal to the amount of capital investment.

The reduction of the dimensions of capital investment to the limits of its possible material supply of metal, equipment and construction organization capacity (which became limiting factors in this period) as a measure for strengthening the proportionality of investment to its composition was short-lived. It did not eliminate the shortage of resources. The reduction in the share of accumulation in the end made the development of investment more difficult, since it was a drag on their technical retooling.

The connection between the processes of reduction in the standards of accumulation with a decline in return on investment and the slowing of the replacement of fixed productive capital and its increased aging is not simple, and additional analysis is needed here. The conclusion inevitably arises: the increase in the efficiency of established productive potential did not compensate for the effect on the economic growth rate of the decline in the share of the productive accumulation fund in national income. Moreover, the accelerating decline in return on investment was, to a considerable extent, a consequence of its (share of the accumulation fund) decrease. In order to raise the return on established productive potential, improve the utilization of existing productive capital and accelerate the replacement of productive capacity, it is necessary to increase, not limit, capital investment in its technical improvement. The problem consists not only of the choice between a high share of accumulation and a low standard of replacement or turnover, as this question is often regarded in economic literature, but in the inevitable slowing of withdrawal at a low level of accumulation. Its resolution is seen through increasing the share of productive accumulation in national income over some time period.

An increase in capital investment in machine building is projected for the 12th Five-Year Plan, the development of which has a decisive influence on the scope of technical improvement in production. Already in 1986, its volume has grown by more than 30 percent. The replacement of the active part of productive capital in the sectors of the machine-building complex will be brought to 10-12 percent a year.

Also envisaged for the upcoming five-year plan is an acceleration in the growth of the total amount of capital investment in the economy. It will increase by 18-21 percent compared to the current five-year plan. The pattern of capital investment will be reworked in favor of the technical retooling and reconstruction of existing enterprises: expenditures for this purpose at production facilities will grow from one third currently to no less than one half of all capital investment.

Similar overall conclusions are obtained in an analysis of the INTERCONNECTION OF ACCUMULATION AND THE INTENSIFICATION OF PRODUCTION. The fulfillment of extensive factors is decreasing the need for additional capital investment. The substitution of mechanized for manual labor and the freeing up of employees from existing production often requires less spending than the creation of additional workplaces. The economic need for capital investment is also decreasing thanks to a reduction in materials consumption in production, a reduction in losses and waste of raw materials and an optimization of the proportions of the raw-material and processing sectors overall. A characteristic feature of the modern stage is the development of the processing industry with the relative stabilization of the volume of production for a large number of producing sectors (mining, oil, timber etc.).

At the same time, intensification caused a compensation by the accumulation of accelerated fulfillment of extensive growth factors. For example, a decrease in the growth of labor resources should be exceeded by growth in the capital-labor ratio for the achievement of a higher level of productivity. With a well-known analogy, this can also be ascribed to satisfying the need for raw mineral resources and power carriers, insofar as the resolution of the tasks of intensification are implemented under worsening development conditions of many producing sectors of industry.

At the same time, economic reserves in capital investment were not fully utilized due to the preservation of a number of extensive tendencies in construction and the base sectors of heavy industry. A large number of enterprises and facilities were constructed according to plans in which insufficiently economical solutions were used. The unjustified expansion of the construction front caused the dissipation of material and labor resources among a large number of facilities under construction. The possibilities for expanding productive capacity through technical retooling and the reconstruction of existing enterprises instead of new ones were not realized as well. An imbalance was formed between the number of workplaces and labor resources, the size of which resources turned out to be insufficient to finish off the newly introduced enterprises and organizations for normal operation in existing production.

The question of the role of accumulation in the intensification process is in need of much theoretical interpretation. Some economists relate a reduction in the accumulation standards to intensive factors, and an increase to extensive ones. This approach, in our view, is not well-founded. An extensive accumulation of productive capital occurs at the same or a declining technical level of new capital (in practice this level, as is well known, was increasing). It can take place even during a slowing of productive capital turnover; that is, the accumulation of obsolete capital and the lengthening of the time period for their replacement.

As the data of recent five-year plans demonstrate, many of the signs of extensive development were observed with a decreasing standard of productive accumulation. This indicates the lack of foundation of a direct connection between changes in the accumulation standard and the type of reproduction. The idea of an inverse dependence of the level of productive accumulation and its efficiency (a high level of accumulation--low efficiency, a declining share of accumulation--higher efficiency) is not justified, although in principle such a model is possible. But under the specific conditions of the 1970s and 1980s, hypotheses on the achievement of a higher return on capital investment with a slowing of its growth rate and the possibility of exceeding this reduction in the share of productive accumulation in national income by virtue of specific conditions of economic development and fixed asset reproduction have turned out to be unrealistic.

In general, intensive or extensive development can occur with various shares of accumulation. The intensification of accumulation presupposes: accelerating the development of sectors that determine technical progress, and especially sectors working on new technologies; increasing the share of technical retooling and reconstruction of existing enterprises in capital investment and more rapidly replacing productive capital; and, reducing the duration of construction and the amounts of incomplete construction and reducing its cost. A regard for the necessity of rapid advancement in these areas of intensification also had an effect on the decision to go to some increase in the productive accumulation standard in the 12th Five-Year Plan.

It should be assumed that in the near future the effect of factors increasing the accumulation standards for improving balance in investment will increase. The influence of this group of factors, evidently, will strengthen right up until the moment when the existing limitations on the growth in efficiency of capital investment are removed and the return on created productive potential is increased (along the lines of improving their material supply, the state of construction projects in progress and the expansion of the capacity of construction organizations).

At the same time, there exist substantial opportunities for weakening their influence (that is, reducing the share of accumulation) by accelerating the rate of resource turnover and eliminating the immobilization of part of the accumulation fund in stocks of production and technical products above the standards, incomplete construction and stocks of goods in trade. In recent five-year plans, the proportionate share of accumulation in material working capital and stocks had a tendency toward growth even with the prevailing

overall increase of the share of the consumption fund in national income. Working capital in supplies of commodity and material values grew by 2.7 times compared to 1970, and national income by less than 2 times (in current prices). The rate of turnover of material resources slowed especially noticeably in the last five-year plan.

The general features of accumulation, substantiated in material working capital, stocks and reserves, are different than for fixed productive capital. They are in the end result a reduction in the share of this part of the accumulation fund in national income. In the upcoming five-year plan, with a general increase in the share of the accumulation fund, there exists the possibility of reducing the proportion of accumulation in stocks of commodity and material values. The task was posed of accelerating the rate of turnover of resources and drawing stocks above the standards into economic circulation in principal areas. The turnover time for productive capital will be reduced by strengthening contract discipline and improving the work of supply organizations and transport. In accelerating the rate of turnover of commodity stocks in trade and industry, the chief role will be reserved for raising the quality of consumer goods output, improving the activity of trade enterprises in studying demand and the organization of popular services, and strengthening the economic tools of interaction between industry and trade.

One more instance should be noted. In the 1970s, national income increased more slowly than was projected. At the same time, the growth of capital investment, as a rule, exceeded the initial targets: 41.7 percent in 1971-75 (instead of 41.6 percent), 28.7 percent in 1976-80 (instead of 26 percent), and 15.5 percent in 1981-84 (instead of 10-12 percent). Also noteworthy is the fact that the dynamics of capital investment overall coincide with an increase in national income, although the 10th and 11th Five-Year Plans envisaged accelerating growth in the latter. The causes for exceeding the amount of capital investment fixed by the five-year plans are not synonymous: this to a well-known extent exceeded the lag in productivity growth and accumulation efficiency. At the the same time, it reflects, in our opinion, the objective existing need for capital investment for raising the technical level of production and its intensification.

A number of measures are projected in the documents of the 27th CPSU Congress for a radical improvement in the economic mechanism of socialist accumulation and bringing it into accordance with the tasks of accelerating scientific and technical progress and increasing the efficiency of social production. They are directed toward achieving a great stability in state capital investment plans and strengthening the vested interest (and simultaneous responsibility) of all administrative organs in raising the efficiency of capital investment.

The basis of the planning administration of accumulation in socialism is the centralized state planning of financial resources and capital investment. This most important principle of socialist administration flows from the public ownership of the means of production and the management and organizational functions of the socialist state. The concentration of the predominant portion of net income at the disposal of the state (the value of surplus production) and its distribution in accordance with plan tasks ensures

the proportionate development of the economy in the interests of all of society.

The mechanism for the centralized administration of the accumulation fund, developed in the years of industrialization and the first five-year plans, confirmed its advantages under modern conditions as well, when a number of circumstances (crop failures in agriculture, changes in market conditions in the world capitalist market, the non-fulfillment of plan targets by individual sectors etc.) required the adoption of operative solutions that deviated significantly from the initial planning of five-year, and frequently of yearly, plans. At the same time the actual degree of centralization in the area of managing the accumulation processes in this period was aided to a certain extent by the excess of investment demand for resources and disproportions in capital construction along with a discrepancy between the amount of financial allocations and their material coverage and the incompleteness of a number of links in the cost-accounting mechanism of accumulation, as well as the incomplete realization of measures for improving planning, economic incentives and the organizational structure of administration in industry, construction and other sectors of the national economy.

The economic conditions of accumulation are directly linked to the amount of net income created in the economy and changes in its structure. Analysis proves that the financial cost mechanism of accumulation in the 1970s operated under great stress. This is reflected first of all in the non-fulfillment of plan targets for profit, which made the financing of the capital investment and other expenditures envisaged by the plan more difficult.

The data presented in Table 3 show that in the 1970s, profit in actual prevailing prices grew much more slowly than in the comparable prices on the basis of which are determined the five-year plan targets. In the 10th Five-Year Plan, industrial profit grew by 1.3 times (in comparable prices and conditions) instead of 1.7 according to the five-year plan targets. In 1981-84 in the economy overall, it increased by 28 percent versus 31 percent according to the five-year plan. As a consequence of this, major resources for accumulation fell out of state income, which led objectively to the limitation of the rights of enterprises and associations to utilize their existing financial resources for capital construction. In the resultant situation, the planning and financial organs redistributed the profit, which in accordance with the existing standard documentation should have remained at the disposal of the enterprises, for the financing of measures envisaged by the state plans. This procedure, caused to a considerable extent by the deviation of the reproduction process from its planned operation, cannot be considered a regular feature of the accumulation mechanism under conditions of its intensification and the strengthening of the economic controls of management administration.

Table 3

	1970 as a % of 1965	1975 as a % of 1970	1980 as a % of 1975	1984 as a % of 1980
Economic profit:				
in actual prevailing prices	235	120	111	137
in comparable prices and conditions ..	205	160	124	128
Industry profit:				
in prevailing prices	248	118	111	131
in comparable prices and conditions ..	195	184	129	-

The resultant widespread practice of immobilization for the financing of planned capital investment with amortized funds, intended for the replacement of associations and enterprises with worn-out and obsolete fixed capital, and the decrease versus the standard in internal working capital of economic organizations as a consequence of their replacement with bank credits, was not able to strengthen the economic tools of accumulation.

The slowing of the rate of reduction in the cost of production, which is second in significance after a growth in the volume of production as a way of increasing profit, was also a violation of the general features of accumulation. Since the end of the 10th Five-Year Plan, the reduction in the cost of production in industry has practically halted, and in agriculture and construction growth has occurred. In the second half of the 11th Five-Year Plan, the reduction of costs in industry has accelerated noticeably. In other sectors of the national economy, however, this unfavorable process of increasing production costs has not been halted conclusively.

The cost of industrial production is projected to decline by 4-5 percent in the 12th Five-Year Plan, which is almost 4 times more than in the last one. The corresponding targets have been established for all industry sectors. It is important to emphasize that a reduction in costs is envisaged in agriculture (sovkhozes) and construction as well. All of this gives reason to consider that the increase in the accumulation standard adopted in the five-year plan is supported by the consolidation of its financial base, and is based in the first place on the mobilization of the reserves of intensification.

The policy adopted by the party for strengthening the economic controls of technical progress and intensifying production in the area of investment is manifested, besides the strengthening of the financial and budgetary sources of centralized capital investment, in the development of the cost-accounting mechanism of accumulation. The financing of capital investment will be made greatly dependent on the results of production in sectors and enterprises. The practice of distributing profits between the economy and the budget on the basis of long-term planning standards will be expanded. The rights of associations and enterprises to implement technical retooling and reconstruction will increase substantially in the process of transferring

industry to new conditions of economic operation that were developed as a result of economic experiments. The corresponding capital investment will be subject to the immediate supply of material and technical resources. Associations and enterprises will receive full independence in the formation and utilization of the production development fund, the size of which will grow in general. The withdrawal of amortized deductions from enterprises for the replenishment of fixed capital will cease, and they will now enter completely into the production development fund. New and higher standards of amortized deductions for the replacement of fixed capital, with the exception of the general expenditure amortization standard for capital repair, will be introduced, which is seen in the future to relate to the current expenditures of enterprises. The implementation of other measures for strengthening the financial position of enterprises and improving their methods of financing and credit is projected as well.

Thus, THE CONCLUSION THAT SOME INCREASE IN THE SHARE OF PRODUCTIVE ACCUMULATION IS EXPEDIENT IS STIPULATED BOTH BY THE INTERESTS OF GROWTH IN CONSUMPTION AND BY THE TASKS OF INCREASING THE RETURN ON ESTABLISHED PRODUCTIVE POTENTIAL AND THE FULLER UTILIZATION OF FACTORS OF INTENSIFICATION. The assertion that a reduction in the standards of accumulation is a chief indicator of intensification in the area of fixed-capital reproduction and in the area of the proportions of national income utilization remain, in our opinion, unproven. The interconnections of accumulation and growth in the efficiency of social production are more complex than they are often presented, and are necessarily reflected in a reduction of this share.

Over certain periods, the proportion of the accumulation fund in the national economy can increase. The duration of such a period depends on the times for creating the scientific and technical, economic and organizational preconditions that make it possible to compensate for and exceed, by an increase in efficiency, the influence of the slowing of the accumulation growth rate and the decrease in its share of national income on the development rate of a socialist economy. The experience of recent five-year plans certifies that some increase in the share of the accumulation fund in national income is more able to accelerate the increase of growth in the efficiency of social production and the standard of living of the population under modern conditions. In a report to the 27th CPSU Congress "Fundamental Areas of Economic and Social Development of the USSR in the 12th Five-Year Plan," USSR Council of Ministers Chairman N. I. Ryzhkov emphasized that such a maneuver is necessary for achieving both current and strategic aims. The share of accumulation is subsequently projected to stabilize or even decline somewhat.

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REGIONAL DEVELOPMENT

REGIONAL MANAGEMENT RESTRUCTURING, URAL, BAM AREA DEVELOPMENT

Siberia, Far East

Moscow EKONOMICHESKAYA GAZETA in Russian No 7, Feb 86 p 7

[Article by A. Adamesku, sector chief, SOPS [Council for the Study of Productive Forces], attached to USSR Gosplan, and O. Krivoruchko, senior scientific associate: "The Economic Region in the System of Administration"]

[Text] Economic regionalization is an important instrument in territorial planning, forecasting, and statistical accounting. It makes possible the more complete use of the peculiarities of the natural and economic conditions of various parts of the country for purposes of the effective distribution of labor and the improvement of the territorial organization of the economy. All this, in the final analysis, leads to an increase in the productivity of social labor.

However, as a result of the fact that the territorial cross-section of plan, for most of the economic regions, is of a computed nature and does not have a sufficiently defined specificity of assignments, no one, practically speaking, bears any real responsibility for fulfilling it. This prevents the complete using of the natural and economic conditions existing in the regions and restrains the resolution of a number of problems in improving and placing the productive forces, and also restrains the deepening of the territorial specialization and comprehensive development of the large-scale economic regions.

Currently a contradictory situation has developed. The large-scale economic regions (in addition to the union republics) occupy an important place in the system of planning and especially in preplanning research, and in the General Scheme for the placement of our country's productive forces, the role of which has been increasing. As is noted in the draft of the Basic Directions, when the state plans are being developed, more complete consideration will be taken of the Comprehensive Program for Scientific-Technical Progress and the General Scheme for the Placement of the Productive Forces of the USSR. It is also planned to improve the planning of the economy in the large-scale economic regions.

At the same time the economic region until recent time has not been the object of administration. There arises a contradiction between planning, on the one hand, and administration, financing, and the organizational structure of

management, on the other. And, as has been attested to by experience, the greatest effect is achieved whenever the large-scale economic systems are planned, financed, and administered as a single whole, and, we might add, have a single agency of administration.

It would be desirable, in our opinion, to study, for example, the question of creating an apparatus of fully empowered agents of USSR Council of Ministers for managing the economy of the large-scale economic regions of RSFSR, primarily Western and Eastern Siberia and the Far East. Taking into consideration the fact that these regions already have an apparatus of fully empowered agents of USSR Gosplan, this will guarantee the unity of administration and planning.

Other concrete forms of administering the economy of the large-scale economic regions are also possible. The creation of a more effective organizational structure of administration will make it possible to resolve more successfully the very important strategic tasks which frequently have an inter-oblast or even nationwide nature. There will be an acceleration of the process of the social and economic development of Siberia and the Far East as major parts of the country's single national-economic complex, and conditions will be created for the more rapid introduction of the achievements of scientific-technical progress on an interregional, interbranch basis. At the present time, in essence, this is done by the efforts of various economic links which sometimes are insufficiently coordinated. The proposed approach will make it possible on a qualitatively new level to resolve also the tasks of organizing the administration both of the territorial-production complexes that have been formed, and also for the ones that are being formed -- West Siberian, Kansk-Achinsk, South Yakut, the Angara-Yenisey system, and the BAM [Baykal-Amur Mainline] zone.

The creation of new agencies of administration will provide the opportunity to unite and coordinate the economic activity of the all-union and union-republic ministries and departments and, in equal measure, the local Soviets of the krays, oblasts, and ASSR's that are part of the large-scale economic regions. The study of the experience of their work will make it possible subsequently to make a decision about the desirability of such organizational structures in other economic regions also.

Therefore, we propose adding to section XIV of the draft of the Basic Directions the following: "Improve the structure of administration of the national economy of the union republics; develop the necessary prerequisites for creating agencies for administering the economy of the large-scale economic regions, primarily in Siberia and the Far East, with a consideration of their role and place in the nationwide division of labor."

Urals

Moscow EKONOMICHESKAYA GAZETA in Russian No 4, Jan 86 p 6

[Article by No. Talalayev, fully empowered agent of USSR Gosplan for the Urals: "Urals: Meditations About Future Prospects"]

[Text] In the awareness of Soviet citizens there has been justifiably firmly established the idea of the Urals as the "base land of power." Today the Urals are a mighty industrial center in our country, one that provides first-rate technology, high-grade metal output, and minerals to many branches of the national economy.

But everything in life has growth limits. People get old, and so do plants. Maksim Gorkiy at one time called Uralmash the father of plants. But today that "father" carries out only 8 percent of the metal processing on machine tools with ChPU [digital programmed control], and 40 percent of the metalworking machine tools installed there are more than 30 years old.

In the Urals the industrial potential, as compared with other regions, was renewed more slowly, and the removal of obsolete equipment was carried out at low rates -- no more than 1.6 percent a year. As a result, approximately one-fourth of the fixed assets in Urals industry needs replacement on a new technical basis.

Putting it another way, the time has come to employ the feedback principle in helping the Urals to maintain the industrial potential that has been built up and to make it fundamentally younger.

The greatest aging of the assets has occurred in ferrous and nonferrous metallurgy and the branches of machine-building. For example, more than half the blast and open-hearth furnaces are more than half a century old. The Urals is the homeland of the continuous casting of steel, but we use that method to cast only 3 percent of the steel being produced.

Therefore we read with completely understandable satisfaction in the draft of the Basic Directions the statute governing the remodeling of the first stage of the steel-smelting production entity at the Magnitogorsk Metallurgical Combine and the small-capacity metallurgical plants in the Urals. The renovation of Magnitka is already taking on real form.

As for the small-capacity metallurgical plants, there are still many unresolved questions. We have in mind the very old enterprises in the Uralchermet Association which are situated in Sverdlovsk, Chelyabinsk, and Perm oblasts. USSR Minchermet [Ministry of Ferrous Metallurgy] does not yet have any concrete list of plants which will undergo remodeling, but, most importantly, there is no definite or final opinion concerning their current or future specialization, although there have been a sufficient number of recommendations on that score.

Similar problems exist in nonferrous metallurgy and machine-building. A question that became critical long ago is the question of remodeling the Karabash and Kirovgrad copper-smelting combines, the Mednogorsk Copper and Sulfur Combine, the Uralsk Aluminum Plant, and a number of plants of Minstankoprom [Ministry of the Machine-Tool and Tool-Building Industry], Ministroydormash [Ministry of Construction, Road, and Municipal Machine-Building], and Mintyazhmash [Ministry of Heavy and Transport Machine-Building].

Also in a complicated situation at the present time is another leader in our industry, Uralasbest. Until new enterprises are activated, its role will remain a decisive one. But for many years the combine has been marking time. Its further remodeling is needed. That remodeling requires expenditures which will be paid back by the production of asbestos over a period of several years.

There is, however, so to speak, an "at-hand" reserve for increasing the overall capacity of the combine and the effectiveness of the capital investments -- the increase in the production of the simplest kinds of output from the rock that accompanies the asbestos. Hundreds of millions of cubic meters of rock have accumulated in the tailings at the combine. Simply the annual addition to those tailings constitutes 10-15 million tons of cubic meters [as in text]. They could be used to produce crushed stone, of which there is currently an acute shortage. However, USSR Minstroyaterialov [Ministry of the Construction Materials Industry], Mintransstroy [Ministry of Transport Construction, MPS [Ministry of Railroads], and RSFSR Minavtodor [Ministry of Motor Roads] seem to have no interest in working out the problems of that kind of production, and are not hastening to take part on a shared basis.

And positive experience in that area does exist. For example, Minnefteprom [Ministry of the Petroleum Industry] transferred to USSR Minstroyaterialov its capital-investment limits for the creation of new capacities for producing 2.5 million cubic meters of crushed stone.

I would like to mention another painful question. The Urals' share at the present time is almost half the production of potassium fertilizers for our country's agriculture and a considerable part of the export deliveries. This production has been growing, but the planned rates are not being guaranteed. One of the basic reasons is the regular shortage of railroad cars for hauling the output away, and the lack of development of water transport. Obviously, RSFSR Minrechflot [Ministry of the River Fleet] and the other departments must resolve this problem immediately.

A problem that has been on the agenda for a very long time is the problem of the complete use of the potassium deposits in the Berezniki-Solikamsk industrial center. For the production of mineral fertilizers, at the present time only one-third of potassium salts proper are removed from the rock. Two-thirds of the rock go to the tailings -- this constitutes 20 million tons annually. But these tailings represent nothing else but almost pure table salt in a quantity sufficient to satisfy the year's needs of the country's national economy and population.

Why, then, is this truly invaluable raw material not being used? The fact of the matter is that this does not correspond to the departmental interests of the Ministry for the Production of Mineral Fertilizers.

All the problems that have been mentioned attest once again to the importance of overcoming the departmental boundaries and resolving the region's problems by joint efforts.

It would be desirable, in our opinion, to amend the draft of the Basic Directions as follows: "Remodel the first phase of steel-smelting production at the Magnitogorsk Metallurgical Combine and the small-scale metallurgical plants in the Urals of USSR Minchermet [Ministry of Ferrous Metallurgy], and a number of enterprises in nonferrous metallurgy and the branches of the machine-building complex; carry out the complete technical re-equipping of Nizhniy Tagil, Orsk-Khalilovo, and Chelyabinsk metallurgical combines. Accelerate the renovation of the fixed assets in the leading branches of industry."

I would like to touch upon yet another problem of important to the Urals as a whole. For a long period of time the activation of new energy capacities of our own has been lagging sharply behind the increase in the need for electric energy. It must be stated outright that energy engineering has been restraining the further development of the national-economic complex of the Urals and it is preventing the Urals area from making its contribution to the country's economy.

At the present time large efforts are being undertaking to activate the first unit at the Permskaya GRES. But it is clear that it will not be possible for that unit to participate in covering the autumn-winter maximum in 1985-1986 and that, as a whole, that unit won't be worth a "tinker's dam." In our opinion, in the 12th Five-Year Plan it is necessary, first, to activate the Permskaya GRES at full capacity, as is stipulated by the construction plan, and to create intersystem ties, especially from the Center to the Urals.

I propose refining, in Section XII, the paragraph concerning the development of the energy engineering of the RSFSR. It would seem to be desirable to indicate in it the need to complete the construction of the Permskaya GRES, to activate the capacities at the Bashkir, South Urals, and Beloyarsk AES [nuclear power stations] and Chelyabinsk TETs-3, as well as to active 500-kilovolt and 1,150 kilovolt electric transmission lines from the Balakovo AES to the Urals.

Prolonged experience attests to the fact that it is desirable to put these and other problems into a separate paragraph dealing with the Urals Economic Region.

Amur Region

Moscow EKONOMICHESKAYA GAZETA in Russian No 14, Mar 86 p 6

[Article by N. Singur, subdepartment chief, USSR Gosplan: "Industrial Centers in the Amur Area"]

[Text] For the 12th Five-Year Plan, the 27th CPSU Congress posed the task of putting into complete operation the Baykal-Amur Mainline on its entire length, and of beginning the large-scale economic assimilation of the zone alongside that mainline.

We direct the readers' attention to the following article concerning the formation of industrial centers in the Amur region.

From Eterkan station, the Baykal-Amur Mainline begins its dash across the territory of Amur Oblast and Khabarovsk Kray, ending at Komsomolsk-na-Amure. This is a distance of almost 2000 kilometers, and slightly less than two-thirds of the entire length of the BAM [Baykal-Amur Mainline].

The Amur part of the zone that gravitates toward BAM has not been completely developed with other means of communication either. The proximity of the Transsib [Trans-Siberian Railroad], the existence of railroad lines -- Izvestkovaya-Urgal, Bamovskaya-Tynda, Volochayevskaya-Komsomolskaya -- as well as a mighty water artery, the Amur River and its tributaries -- the Zeya, Bureya, and Selemdzha -- make it possible to use effectively the region's already-created production potential for the purpose of assimilating new rayons.

In Amur Oblast, three major industrial formations are developing -- the Tynda and Zeyskiy industrial centers and the Selemdzhinskiy Territorial-Production Complex.

The Tynda Industrial Center is situated in the Central part of the BAM. Through it, ties are carried out between the Western and Eastern sectors, as well as communication with Yakutia, and foreign-trade shipments with the countries of the Pacific Ocean basin. Thus, the specialization features of the industrial center in the long-term view will be determined to a considerable extent by its transportation specialization. It will become a major freight-forming, distributive, reloading, and through-shipment center.

This kind of specialization dictates the necessity of creating here large-scale transport and repair enterprises, warehouses, and bases for the construction industry in Tynda, Bolshoy Never, and Bamovskaya.

The industrial center will include enterprises in nonferrous metallurgy. The timber resources of Tyndinskiy Rayon make it possible to increase the total volume of logging operations to 2.5-2.8 million cubic meters a year. Considering the fact that a considerable part of the region's timber reserves consists of poor-grade wood, it is desirable to create technological-chip shops. Two lumber camps are already operating here -- the Tyndinskiy and Belenkiy. In the current five-year plan, the formation of yet another one will be completed: the Larbinskiy lumber camp, with a capacity of 800,000 cubic meters of wood shipped and approximately 120,000 cubic meters of technological chips a year.

At the industrial center is it planned to develop the production of non-ore materials, to create a base for the repair of construction technology, as well as enterprises in light and food industry (shoe factory, garment factories, bread-products combine).

The production specialization of the Zeyskiy Industrial Center is determined, in addition to electric-power engineering (the Zeyskaya GES is already operating here), by the extraction of noble metals and by the timber industry.

In the 12th Five-Year Plan it is planned to complete here the creation of the Gilyuyskiy lumber camp, for shipping out 600,000 cubic meters of wood a year, and to begin the formation of the Potekhinskiy lumber camp.

The prospects for the development of power engineering are linked with the creation of a GES on the Gilyuy River, which flows into the Zeyskoye Reservoir. Cheap electric energy will make it possible in the long-term view to place here a number of machine-building plants, including ship-repair yards, as well as enterprises in the construction industry and in light and food industry, for example, a garment factory, meat-processing plant, and a bread factory in the city of Zeya.

It is important that the Zeyskiy industrial center can satisfy almost completely the public's needs for products of agriculture by means of the development of their production locally. The average harvest yield of potatoes, for example, here is 300 quintals per hectare; cold-resistant vegetables, 450-500; and hay from perennial and annual grasses, 45-50 quintals per hectare.

The Selemdzhinskiy Territorial-Production Complex encompasses the drainage area of the Selemdzha River (Selemdzhinskiy and Mazanovskiy rayons). Its production specialization will be determined by the development of nonferrous metallurgy, and the coal, timber, and wood-processing industry. It is planned to construct here the powerful Mamyno-Norskiy and Selemdzhinskiy lumber camps, and to organize the processing of wood. For example, in Fevral'sk it is planned to construct plants for producing wood-fiber slabs, a yeast-hydrolysis combine, and a home-building combine.

An item that will be of increasingly important significance for the economy of this TPK [territorial-production complex] is the Ogodzhinskoye coal deposit, where the fuel is being extracted, for the time being, in a small quantity for local needs. The capabilities and deadlines for a sharp buildup in coal mining largely depend upon the geologists, since the deposit itself has not been thoroughly studied. With its large-scale activation, it will become desirable to build the Ogodzhinskaya GRES.

On the Selemdzha River, nine possible locations for the construction of hydroelectric power stations have been found. The Gidroproyekt Institute (Leningrad Branch) feels that it will be economically justified to build within the near future at one of them the Dagmarskaya GES, with a capacity of 250,000 kilowatts.

In order to develop the Selemdzhinskiy TPK, and the Far Eastern region as a whole, it will be very important to build in the city of Fevral'sk a plant for the production of phosphorous fertilizers on the basis of the processing of the apatite concentrates from the Seligarskoye Deposit in Southern Yakutia. Fevral'sk is also viewed as one of the possible alternatives (in addition to the city of Tynda) for the construction of a plant to produce agricultural machinery.

The Garinskoye iron-ore deposit, which is situated on the territory of the TPK, is an additional raw-materials base for developing ferrous metallurgy in

the Far East. Some of the Garinskoye ores are suitable for use by concentration bases; another part can be concentrated by the magnetic separation method with the obtaining of high-grade concentrates. It is possible to build here a mining and concentration combine for the extraction of iron ore and the production of high-grade pellets, and possibly also a general-metal-items and metallurgical plant.

The Selezdzhinskiy TPK and the Zeyskiy Industrial Center belong to regions with favorable conditions for developing agriculture and organizing the food base for the Eastern part of the BAM zone.

When planning the formation of the Selezdzhinskiy TPK, it is necessary to take into consideration its long-range role as the beachhead for the economic assimilation of the northern regions of Khabarovsk Kray which are adjacent to it. And that means that it is necessary right now to think about the creation of construction-industry bases which are capable of being connected easily to the assimilation of the northern regions, and to think about the intensification of the geological prospecting operations and the development of the transportation network and other elements of the production infrastructure.

Unfortunately, the existing procedure for distributing the limits for capital investments and material resources among the ministries and departments does not take into consideration the need, during the period being planned, for expenditures to resolve the long-term economic problems, especially those of an interbranch or regional nature. For that reason, we frequently begin the resolution of major territorial-production problems without having sufficient preliminary preparation (particularly the items in the production infrastructure).

One can see a way out of this situation in the development of long-term comprehensive target programs for the formation of the most important territorial-production formations in the BAM zone. These programs will be effective if the necessary resources are allocated and if consideration is taken of their recommendations in the annual and five-year plans for economic and social development.



- [Key] 1 -- South Yakutia TPK [territorial-production complex]
2 -- Ayano-Mayskiy Rayon
3 -- Neryungri
4 -- Tynda
5 -- Tyndinskiy PU [industrial center]
6 -- Zeyskiy PU
7 -- Uda River
8 -- Udsкая Guba
9 -- Chumikan
10 -- Tugur
11 -- Tuguro-Chumikanskiy Rayon
12 -- Bamovskaya
13 -- Solovyevsk
14 -- Zeya
15 -- Zeyskaya GES
16 -- Gilyuyskaya GES
17 -- Seledzha River
18 -- Zlatoustovsk
19 -- Fevral'sk
20 -- Seledzhinskiy TPK
21 -- Zeya River
22 -- Dagnarskaya GES
23 -- phosphorites
24 -- electric power stations
25 -- lumber camps
26 -- railroads
27 -- boundaries of administrative regions
28 -- boundaries of TPK and P

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BAM Area

Moscow EKONOMICHESKAYA GAZETA in Russian No 15, Apr 86 p 6

[Article by N. Singur, subdepartment chief, USSR Gosplan: "The Future Begins Today"]

[Text] This ends the publication of a series of articles which have dealt with the territorial-production complexes and industrial centers being formed in the BAM [Baykal-Amur Mainline] zone. This weekly will regularly inform the readers about their development. For previous materials, see No. 46, 1984; No. 4, 8, 11, 1985; and No. 3, 14, 1986.

"[It is planned] to put into complete operation the Baykal-Amur Railroad Mainline on its entire length, and to begin the large-scale economic assimilation of the zone alongside that mainline" ("Basic Directions for the Economic and Social Development of the USSR in 1986-1990 and the Period Until the Year 2000").

...The first assault party of construction workers has landed at the village of Nizhnetambovskoye, where a nitrogen fertilizers plant will be built. The gas pipeline from Okha to Komsomolsk-na-Amure is being

laid at accelerated rates. The erecting of the second phase of the ferry crossing from Vanino to Kholmsk has begun. The remodeling of the Amur Woodpulp and Cardboard Combine is proceeding at full speed. The construction of the fuming unit has been extended at the Solnechnyy GOK [mining and concentration combine]...

All these events, which are reported practically every day in the press, are links in a single chain, since they deal with construction projects in the TPK [territorial-production complexes] and industrial centers in the Amur zone of the BAM.

The Baykal-Amur Mainline intersects Khabarovsk Kray from the Eterkan station to Komsomolsk-na-Amure. Here a zone with a total area of 136,000 square kilometers is adjacent to the BAM.

An important role in the mastery of the natural wealth of this region is played by the circumstance that as early as 1980 constant traffic opened up on the Eastern sector of the mainline along the Urgal--Berezovka--Komsomolsk-na-Amure line. That made it possible to reduce by 450 kilometers the delivery of freight to the shores of the Pacific Ocean. The Far East Railroad Ring was formed: Khabarovsk-Izvestkovaya-Urgal-Berezovka-Komsomolsk-Khabarovsk. The operations that were carried out make it possible to make active use of the already created production potential for mastering other regions along the BAM.

In the Eterkan-Komsomolsk sector, the Urgal Industrial Center and the Komsomolsk Territorial-Production Complex are being formed.

The extraction of coal and the exploitation of timber resources constitute the basis of the Urgal Industrial Center, which is situated on the territory of Verkhnebureinskiy Rayon.

The geological reserves of stone coal in the Bureinskiy Basin approximately 13 billion tons, and the prospected reserves exceed one billion. In the BAM zone this is the second-largest basin with regard to reserves (with the South Yakutia Basin being the largest). Bureinskiy coal, in combination with other varieties, lends itself to coking, but for the time being is used only as power-producing fuel. The Urgalskaya operating mine is a highly mechanized enterprise with an annual extraction of 1.7 million tons. There is also a sector of open-pit operations with an extraction volume of 250,000 tons of fuel a year. It is planned, in the long-term view, to construct a new cut with a productivity of a million tons of coal a year, and also to increase the capacity of the Urgalskaya mine to 4 million tons.

All this makes it possible to speak of the desirability of building, in the long-term period, a powerful Urgalskaya GRES that operates on Bureinskiy coal.

Of the large-scale energy-producing projects of interregional importance at the industrial center (on the border with Amur Oblast) the Bureyskaya GES is being built. It is part of the united Far East energy system. That power plant will be of great importance for regulating the runoff of the Bureya, and this will have a favorable influence upon navigation along the river and the

development of agriculture on the Bureya plain, which is one of the fertile regions in the southern part of the Far East.

In the forests of the area, the predominant species are the coniferous species which are needed by the woodpulp and paper industry and which are in high demand on the world market. The concentration of reserves per hectare of operational area is 148 cubic meters, which is considerably higher than in Amur Oblast.

As a whole, the territory of the Urgal Industrial Center is more than 80-percent covered with forests, and therefore the logging industry plays an important role in its formation. Ten lumber camps are already in operation here. They are part of the Urgalles Association and have a logging volume of approximately 4 million cubic meters.

The development of the timber industry in the long-term period is linked with the assimilation of new tracts, to which the Baykal-Amur Mainline is opening up access, with the stabilization of the volumes of timber procurement, the establishment of the proper procedures in felling the trees, the expansion of operations to renew the forests, and the development of production entities for processing the wood.

At the present time the lumber camps have introduced shops for the production of technological chips, with a capacity of approximately 400,000 cubic meters. The wood is sent to the neighboring Komsomolsk TPK to the woodpulp and cardboard combine and the wood-processing combine. In the long-term period it will also be sent to the Selezdzhinskiy and Zeyskiy industrial centers to be processed in woodpulp and paper production.

The availability of birch wood makes desirable the building of a plywood plant in Chegdmyn.

The Komsomolsk Territorial-Production Complex already contains enterprises of machine-building, nonferrous and ferrous metallurgy, the petroleum-refining, woodworking, light and food, and construction industry.

As part of the TPK one can isolate three rapidly developing industrial centers: Komsomolsk, Amur, and Solnechnyy.

The Solnechnyy Industrial Center specialized in nonferrous metallurgy. It has eight deposits of tin deposits, part of which is already being used by the Solnechnyy Mining and Concentration Combine. The assimilation of the Badzhalskiy, Yam-Alinskiy, and other tin-mine rayons will expand and reinforce the raw-materials base of the GOK, and will create the prerequisites for considerably increasing the production of output in nonferrous metallurgy.

A problem that continues to be an important one in this branch in the TPK is the complete use of ores at the Solnechnyy Combine. At the present time, out of 11 components contained in the ores, only five are being extracted. The complete use of the raw materials requires the accelerated activation of the fuming unit and the building of a metallurgical plant at the combine.

In the Amur Industrial Center of the Komsomolsk TPK, a wood-processing combine and a woodpulp and cardboard combine are in operation. The former specializes in the production of lumber, wood-fiber slabs, plywood, and raw materials for industrial hydrolysis; the latter produces woodpulp, paper, cardboard, and plywood. Close technological ties have been established between these enterprises, and this guarantees the thorough processing of the raw materials.

In addition to machine-building, the ferrous metallurgy of the Komsomolsk Industrial Center is of great importance for the economy of the Far East. For a long time ferrous metallurgy was represented by the Amurstal Plant, which produces rolled and sheet metal from metal scrap. In 1980 a plant that produces bent shapes was activated. In the 11th Five-Year Plan, the construction of a second reduction plant was begun at Amurstal.

However, even after the planned remodeling of Amurstal, with an increase in the production of output, the needs in industry and construction in the Far East for rolled ferrous metals will not be satisfied without creating in the region a new, large-scale metallurgical base. All the necessary resources (iron ore, coking coal, various fluxes) for this purpose exist in the BAM zone.

In the Komsomolsk TPK it is planned to resolve a problem that is important for the development of agriculture in the Far East -- the production of mineral fertilizers. In the 12th Five-Year Plan, Sakhalin natural gas will arrive in the area of Komsomolsk-na-Amure. In January 1985 the construction workers working on the gas pipeline from Okha to Komsomolsk-na-Amure installed a sag pipe across the Amur. A year later, not far from Komsomolsk, the first detachment of construction workers who were going to build a new satellite city landed at the village of Nizhnetambovskoye. The first large-scale enterprise in that city (the Khabarovsk Komsomol announced a contest for its name) will be a nitrogen fertilizers plant that uses Sakhalin natural gas as its raw material.

A large contribution to the assimilation of the BAM zone is being made by enterprises in the oil-refining industry, the construction industry, and the light, food, and other branches of the Komsomolsk TPK. At the present time, a problem that is being brought to the forefront is the problem of reinforcing the fuel and energy base of the TPK. The resolution of that problem, in addition to the activation of capacities at the Komsomolsk and Amursk electric power stations that are under construction, will also promote the use of Sakhalin gas as fuel. At the Lianskoye Deposit, which is situated in the Argun Depression, it is possible to build a mine with a capacity of 4.5 million tons a coal a year.

Of special importance for the development of the economy not only of the Far East, but also of the entire country is the fact that the Baykal-Amur Mainline ends at the Pacific Ocean shore. There is a reduction by a thousand kilometers in the length of maritime shipments to Kolyma, Sakhalin, and Kamchatka, as compared with an itinerary from Vladivostok.

In 1974 a paved crossing over the Amur near Komsomolsk-na-Amur was activated. This is a unique structure and the pride of the BAM bridge-builders. It has

considerably increased the handling capacity of the Komsomolsk--Sovetskaya Gavan sector, along which, on the territory of Sovetsko-Gavanskiy and Vaninskiy Rayons, Khabarovsk Kray, the Sovetskaya Gavan Industrial Center of the BAM zone is being formed at the present time.

The specialization of the industrial center is influenced primarily by the carrying out of important transport functions that are linked with the hauling of freight along the Komsomolsk--Sovetskaya Gavan sector and then farther on to the northeastern zone of the Far East and to Sakhalin with the use of the Vanino-Kholmsk ferry crossing. In the 12th Five-Year Plan it is planned to build the second phase of that crossing and to put into operation two more ferries of the Sakhalin type and to intensify the port structures in Vanino and Kholmsk. The increase in the handling capacity of the ferry crossing will require the appropriate remodeling also of the Komsomolsk--Sovetskaya Gavan railroad line.

Nonferrous metallurgy, ship-repair, timber and wood-processing industry, and apartment building are also developing in the Sovetskaya Gavan Industrial Center.



[Key]: 1 -- Tuguro-Chumikanskiy Rayon
2 -- Tugur
3 -- Nikolayevsk-na-Amure

- 4 -- Okha
- 5 -- Rayon imeni P. Osipenko
- 6 -- Ulchskiy Rayon
- 7 -- Urgal
- 8 -- Urgal PU
- 9 -- Komsomolsk TPK
- 10 -- Komsomolsk-na-Amure
- 11 -- Sovetskaya Gavan PU
- 12 -- Vanino
- 13 -- Sovetskaya Gavan
- 14 -- Amur River
- 15 -- Khabarovsk
- 16 -- Bureyskaya GES
- 17 -- Izvestkovaya
- 18 -- electric power stations
- 19 -- coal industry
- 20 -- nonferrous metallurgy
- 21 -- chemical industry
- 22 -- wood-processing and woodpulp-and-paper industry
- 23 -- petroleum pipe line
- 24 -- gas pipeline (under construction)
- 25 -- railroads
- 26 -- boundaries of administrative regions
- 27 -- boundaries of TPK and PU
- 28 -- seaport
- 29 -- lumber camps

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